

LOMBARD

Query over IMF drawings

BY SAMUEL BRITTON

A GREAT DEBATE is taking place inside the Treasury and Bank of England on whether the U.K. should continue borrowing from the IMF now that it is moving into current payments surplus.

Indeed the debate ranges not merely over fund drawings, but over the pros and cons of continuing all the official borrowing schemes which have been used to shore up sterling since the 1973 oil crisis and even earlier.

Their attitude can be summarised by the slogan: "Sterling has nothing to lose in a dash for freedom, but its financial crutches". Discussion on these questions is likely to begin informally when the IMF mission arrives in London next week for "Article 8" consultations.

For the moment the Government is sticking to its existing policy: and the next tranche of the IMF standby credit, worth \$300m. to \$400m. will be drawn on schedule by the end of this month.

By then some \$1.5bn. or \$1.6bn. of the total standby of \$3.9bn. will have been drawn.

But this could well be the last drawing. For it is an open question whether the further \$300m. to \$400m. available in September or October and at the end of the year are going to be drawn—let alone the balance of the standby available in 1978-79.

Reserves The reserves have risen from \$1.1bn. in December to \$10.1bn. at the end of April.

It is nevertheless far higher in relation to imports than in other countries. It is nevertheless far higher in relation to imports than in other countries.

It is highly doubtful if the IMF would countenance further drawings just to repay other debt. Indeed the fund would need a great deal of persuasion before it would existing drawings to be used for the purpose.

THE WEEK IN THE COURTS

Thorough review needed on naming parties

BY JUSTINIAN

THE legal profession gave a gusty sigh of relief 10 years ago when the Lords ruled that lawyers conducting litigation on behalf of their clients were immune from action for professional negligence, an immunity not enjoyed by any other profession.

What about the advice given and work done in preparation for the day in court? Did the immunity extend right back to the moment the litigation was contemplated with the issuance of the writ or the taking out of a summons? And if so, were barristers and solicitors to be treated alike? These questions were left unresolved.

The court said that the same public policy that dictated the conferment of the immunity to the solicitor applied to the barrister during the preparation of the case. This was because that policy reflected the same public duty owed by the lawyer to the court throughout the litigation.

Too late The advice was that the woman's husband should be insured for negligence on the ground that he being the car owner and the party insured, would be liable for his wife's negligence.

Immunity If the Royal Commission on Legal Services recommends that the profession which has been being urged upon it by a number of witnesses—then the question of immunity will take on an even greater significance.

ATV 12.30 a.m. Kitchen Garden, 1.30 a.m. News, 2.00 a.m. The Muppet Show, 2.30 a.m. The Muppet Show, 3.00 a.m. The Muppet Show.

ACROSS 1 Take part of defender during TV re-run (8) 5 Happen to find haircut dealer (4, 2) 9 Fixer gives salesman ventilator (8) 10 Get the rounds with fine-sounding part for Irishman (6) 12 Reproof appropriate for the floor of the House (9) 13 Part of reflector changed in a flash (5) 14 Athletic student feeling the cold (4) 16 Grandma's beginning to brood in Shoen (7) 19 Mixture by a master left Georgia with Frenchman (7) 21 Speak signal to start pudding (4) 23 Composition to dust before tea (5) 25 Get rich quick without notes apparently (4, 5) 27 Company returns trophy for youth leader to fill (6) 29 Immediate payment not held in check (4, 4) 29 Diminutive western interior milk (6) 30 Chief possible West-country town (8)

SOCCER

BY JAMES FRENCH

Hope springs eternal

A BRIGHT, CRISP, Cumbrian spring day was still making Workington look almost beautiful at 4.30 p.m. on Saturday as a crowd of some 150 youngsters were waving their red-and-white scarves chanting: "Workington are magic".

Meldrum appeared, was cheered, and said a few words. Mrs. Mary Laurie, the club secretary, who had been watching the scene, turned, and dashed down the steps to her office with tears in her eyes.

For Workington had just been beaten 1-0 by Newport in what would be the last Football League game at Borough Park, finishing hopelessly bottom of Division IV for the second season, and needing to apply for re-election for the fourth successive time at next month's annual meeting.

Liverpool are over the first hurdle Liverpool achieved the first stage in their quest for the treble by winning the First Division championship for the second successive year, before an enthusiastic capacity home crowd.

Instinctively hurry into an empty space. The second is the number of footballers who have grown in stature once they have settled down on Merseyside, with Hughes, Kennedy and McDermott proving perfect examples by the present eleven.

Fitful Keegan This should not happen to Keegan who has decided to move at the end of this season, because he is one of the few genuine internationalists in this country.

CRICKET BY TREVOR BAILEY England takes stock of county skippers The British challenge in Roxburgh is the most notable of our Davis Cup team. Jol Lloyd and Roger Taylor, at Linda Mottram is joined by Michele Tyler and Glynis Cole.

Drop shot The management committee has placed the local hero a hero of the title, Adriano Panatta, at the head of the draw and Lloyd will become 1-0 opponent if he can defeat No. 16 seed, Dick Greasy.

RACING BY DOMINIC WIGAN Strong finish by Relkino IN ONE of the best finishes in for Relkino's owner, Lady Beaverbrook last week. Her just got the better of Jellaby ultra-game seven-year-old Bold and Thieving Demon in the £17,000 Lockinge Stakes at Newbury on Saturday.

WOLVERHAMPTON 2.15-Lampford 2.45-Not Today Man 3.15-Mathale 3.45-Pas de Deux 5.30-Couffo's Prince 6.30-Double Mirage 7.10-Strange Love 7.40-Fire Angel

BBC Radio London 6.00 a.m. As Radio 2, 6.30 a.m. As Radio 2, 7.00 a.m. As Radio 2, 7.30 a.m. As Radio 2, 8.00 a.m. As Radio 2, 8.30 a.m. As Radio 2, 9.00 a.m. As Radio 2, 9.30 a.m. As Radio 2, 10.00 a.m. As Radio 2, 10.30 a.m. As Radio 2, 11.00 a.m. As Radio 2, 11.30 a.m. As Radio 2, 12.00 a.m. As Radio 2, 12.30 a.m. As Radio 2, 1.00 a.m. As Radio 2, 1.30 a.m. As Radio 2, 2.00 a.m. As Radio 2, 2.30 a.m. As Radio 2, 3.00 a.m. As Radio 2, 3.30 a.m. As Radio 2, 4.00 a.m. As Radio 2, 4.30 a.m. As Radio 2, 5.00 a.m. As Radio 2, 5.30 a.m. As Radio 2, 6.00 a.m. As Radio 2, 6.30 a.m. As Radio 2, 7.00 a.m. As Radio 2, 7.30 a.m. As Radio 2, 8.00 a.m. As Radio 2, 8.30 a.m. As Radio 2, 9.00 a.m. As Radio 2, 9.30 a.m. As Radio 2, 10.00 a.m. As Radio 2, 10.30 a.m. As Radio 2, 11.00 a.m. As Radio 2, 11.30 a.m. As Radio 2, 12.00 a.m. As Radio 2, 12.30 a.m. As Radio 2, 1.00 a.m. As Radio 2, 1.30 a.m. As Radio 2, 2.00 a.m. As Radio 2, 2.30 a.m. As Radio 2, 3.00 a.m. As Radio 2, 3.30 a.m. As Radio 2, 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OVERSEAS NEWS

Run-up to Israel election sees Likud gain ground

BY RICHARD JOHNS, MIDDLE EAST EDITOR

TEL AVIV, May 13

THE RIGHT wing Likud opposition has been fast closing the gap with the Labour alignment in the run up to the Israeli general election on Tuesday. But even a week ago, 20 per cent or more of voters remained undecided according to the latest polls. Nevertheless, despite a pronounced swing towards the Likud, Labour is expected to scrape home as the major faction in the new Knesset although the margin could be as small as one seat and unconvincing as to make it difficult for Mr. Shimon Peres to form a Government.

concentrating on its claim to be the only party capable of dealing with the U.S. and on the undeniable Likud intrusiveness on the question of renouncing territory on the West Bank. President Carter's decision to treat Israel as a nation eligible for advanced technology in weapon supplies and co-production rights has been welcomed with relief by the Israeli Government. However, quite apart from the Congressional pressures applied on him, it is believed the Administration is

showed no preference and most of another 8 per cent who refused to give any answer are assumed to have been undecided. Comparable figures for April 13-15 were 32.5 per cent for Labour, 22 per cent for Likud with 16 per cent showing no preference and 8 per cent refusing to answer. The Democratic Movement for Change, the new reformist centre party led by Professor Yigal Yadin, appears to be holding its own according to the Henoch Smith survey, which shows their share of intended votes at 11 per cent compared with 10 per cent three weeks before.

More overseas news Page 25

belatedly trying to rectify the damage done to the candidate favoured by it. The latest assessment of the Henoch Smith poll—the most widely respected of those released to the public—showed 30 per cent of voters in favour of Labour and 25 per cent planning to support the Likud in a sample taken during May 9-9. Twelve per cent of it

It concludes that the Socialist grouping which has been predominant in Government throughout Israel's history, might expect 44 seats in the 120 member Knesset, the right wing bloc 36 and the DM 15. In the outgoing Knesset, it commanded 51 votes and the right wing 37 votes (following the defection of the Free Centre faction to the DM).

U.S. plan for Mideast

BY IHSAN HIJAZI

BEIRUT, May 15.

A LEBANESE newspaper said today President Carter is formulating a plan for a Middle East settlement which he will offer to the parties concerned once his contacts are completed. Mr. Carter has met President Assad of Syria, President Sadat of Egypt and King Hussein of Jordan. He is due to meet Saudi Crown Prince Fahd in Washington on May 24 and the Israeli Prime Minister after Tuesday's election and the appointment of a new cabinet.

There would also be a mutual declaration by Israel and the Palestinians: the PLO would recognise Israel's right to exist while the Israelis would recognise the right of the Palestinians to a homeland, the paper said. The Palestinian State which might emerge eventually would recognise "secure boundaries" for Israel and promise not to resort to force against it, it adds. The question of Palestinian representation in a reconvened Geneva conference would be left to the Palestinians and the Arabs to decide, according to the report. Al Nahar quotes Dr. Adib Al Daoudi, President Assad's policy adviser, saying Syria believes the Arabs should go to Geneva as a single delegation including the Palestinians.

Al Nahar, in its weekly international edition, says President Carter considers a settlement must start with an Israeli declaration of intent to withdraw from Arab territory occupied since 1967, "with minor readjustments." In return, the Arab states would declare recognition of the Jewish state and abandon the use of force in dealing with it.

The reported American programme includes demilitarised zones between the Arab States and Israel to be manned by United Nations forces. Electronic alarm systems could be set up in sensitive areas, the paper says, adding that the U.S. and Soviet Union will guarantee the peace in co-ordination with Britain and France.

This according to the report, would open the way for five measures: Israel would withdraw in stages, with the Arabs making a new step for permanent peace at the completion of each stage.

Perez confirms reports on new tank

By L. Daniel

TEL AVIV, May 15.

THE FACT that Israel has developed a low-profile, rear entrance tank of her own design was acknowledged officially here for the first time this week-end. Speaking on Israeli radio, the Defence Minister, Mr. Shimon Peres, referred to it when he commented on the U.S. aid expected from the U.S. both in the form of direct shipments and arms, and of components for Israel's own military industries. The tank—reports on which have appeared from time to time in the foreign Press—is said to be powered by a U.S.-made 900 HP engine produced by Teledyne Continental Motors. It weighs 56 tonnes (against 52 tonnes for the Centurion and 35 tonnes for the Russian T-55) and its armament is given as a 105 mm cannon, a 152 mm 62 shells. The four-man crew can seat off the inner part of the tank in the event of a gas attack. The armour of the front-engine "Merkava," as the tank is known, is said to be impervious to ballistic shells in use to-day.

Qatar says no oil price rise

QATAR has joined Kuwait in denying a report that 11 major oil producing countries had decided against implementing a planned five per cent price rise, Reuters reports from Dubai.

Officials close to oil minister Sheikh Abdul Aziz bin Khalifa al Thani said no such decision had been taken and no agreement reached.

An authoritative weekly magazine, Middle East Economic Survey, reported last Friday that the decision by 11 members of the Organisation of Petroleum Exporting Countries (OPEC) would be formally announced on May 20. The magazine said the move not to impose the increase planned for July 1 was led by Venezuela.

Clashes continue as Pakistan Opposition rejects referendum

BY OUR OWN CORRESPONDENT

ISLAMABAD, May 15.

VIOLENT demonstrations continued unabated in several cities in Pakistan despite Mr. Bhutto's announcement that he will hold a referendum to decide whether he should continue as Prime Minister. Multan was put under martial law yesterday after armed clashes between demonstrators and law enforcing agencies in which at least two died and 10, including five policemen, were injured. Three other cities, Karachi, Hyderabad and Lahore, have been under martial law for the past three weeks.

But it is risky to speculate what the nation may have to suffer before reaching the stage of referendum. The Federal Finance Minister, Mr. Pirzada, assailing the Opposition in a National Assembly speech yesterday, said it had, during the past two months, tried to damage 245 branches of various banks, paralysed the Karachi port and the Pakistan International Airlines, called for non-payment of taxes and travel without ticket, and circulated currency notes stamped with anti-national slogans.

The Opposition Pakistan National Alliance has denounced the proposed referendum as "unethical and absurd." Pir Pagaro, acting president of the Alliance, last night bitterly criticised Mr. Bhutto and his proposed referendum, saying Opposition protests will continue (all the other senior PNA leaders are in detention). However, the Government has started making arrangements to hold the referendum next month. Mr. Bhutto, was aggravated by the passage of the necessary constitutional amendment to be presented in the national assembly on Monday will, in the absence of all opposition, be a mere formality. A joint session of the Parliament yesterday unanimously passed a resolution reiterating its full confidence in Mr. Bhutto; recording its deep appreciation of his efforts to resolve the 10-week-old crisis and fully endorsing his decision to hold a referendum.

Opposition agitation began immediately after the March general elections which the Opposition alleged were rigged. Tax collection, both at Federal and provincial levels, has slumped to less than 20 per cent. Industrial production, in the public and private sectors has dropped drastically. More than 260 have been killed and more than 40,000 jailed during the crisis which, according to Mr. Bhutto, was aggravated by foreign intervention fanning Pakistani with dollars. Pir Pagaro yesterday pledged to the nation to "undo the wrong" which he claimed had been committed by Mr. Bhutto. He denied that there has been any foreign intervention on the side of the Opposition or that there has been any such polarisation in the country as claimed by Mr. Bhutto.

West Bank students protest

High school students in the Israeli-occupied West Bank town of Nablus built barricades of burning tyres in the main square yesterday and stoned passing Israeli vehicles in protest against the 29th anniversary of Israel's Statehood, Reuters reports from Ramallah.

Witnesses said extra security measures were taken throughout the West Bank area as high school students demonstrated and merchants joined in a scheduled day-long strike. Schools and shops were reported to be closed in Nablus and Jenin, although merchants in Jenin started to reopen as border police moved in to disperse the demonstrators.

Ethiopians held

The Ethiopian Charge d'Affairs was summoned to the Ministry of Foreign Affairs in Khartoum yesterday to learn of the forced landing of two Ethiopian helicopters on Sudanese territory, our Khartoum correspondent reports. The helicopters, an Antonov 2 and a Masters 23 landed at Pibor in southern Sudan, 100 miles inside the country. There aboard six Ethiopians and two Poles are believed to be still in Sudan.

The presence of the two Poles on the Ethiopian aircraft lends credence to allegations made by Osman Saleh Sabbe, the outspoken leader of an Eritrean splinter group, who told the Lebanese weekly "Al-Nawath" that the two countries are adding the military regime in Addis Ababa.

Fish protest expected at EEC Council meeting

BY ROBIN REEVES

BRUSSELS, May 15.

SCOTTISH fishermen, French growers and British pig producers are all due to mount demonstrations as a two-day EEC Council of Ministers meeting which opens here to-morrow, presided over by Mr. John Silkin, the U.K. Minister of Agriculture and Fisheries. The Scottish fishermen, who are forecast to be headed by a killed piper, will be protesting at the continued refusal of the EEC to contemplate an exclusive national fishing limit of up to 50 miles offshore, as part of a revised Common Fisheries Policy.

particularly the competition they are suffering from imports from other EEC member states, as a result of the green currency import subsidiary arrangements. On fish, the Council itself is due specifically to discuss an extension of the ban on herring fishing in the North Sea beyond the end of this month. This is widely felt to be essential if the North Sea herring fishery is not to be exhausted completely. But the Dutch and Danish Governments are resisting a complete ban as unnecessary (the British and Irish are accused of wanting herring to die of old age), though they have softened their original position and would evidently now be content with a small quota.

Carter move on corporate taxes

BY DAVID BELL

WASHINGTON, May 15.

THE Carter Administration is likely to propose an end of the double taxation of corporate earnings as part of its major tax reform plan now being worked out, Senator Russell Long, chairman of the Senate Finance Committee, said this week-end.

Senator Long, who was speaking at the Hot Springs meeting of the Business Council, said that the Administration wanted to end the existing situation in which companies now pay taxes on their profits and shareholders then also pay tax on the dividends they receive. He said that he expected that Mr. Carter would propose instead that shareholders should get a tax credit against the tax already paid on their dividends by corporations. But Senator Long said that the Administration was also working on a scheme to abolish some tax advantages for businesses, including the abolition of the expense account lunch and, he said, that other measures are also under consideration. Meanwhile, Mr. Jerry Janowski, an assistant Secretary of Commerce, told the Council meeting that the administration is working on a new scheme to stimulate private investment over the next four years. He said that it is thinking in terms of a target of a 10 per cent increase in real terms over the next four years but conceded that this might be a little "ambitious."

The members of the Council which ended its two day meeting last night, were reported to be in broad agreement that the U.S. economy would continue what one called a "sound growth path" until well into 1978. But they gave the Carter administration a mixed reception with some members praising the decision to withdraw the \$50 a person tax rebate proposals but with others saying that the administration has yet to work out a coherent strategy in its relationship with industry.

Servan-Schreiber wins poll

BY OUR OWN CORRESPONDENT

PARIS, May 15.

M. JEAN-JACQUES Servan-Schreiber the millionaire publisher and one of France's most unpredictable political figures, was today elected President of the Radical Party, a member of President Giscard d'Estaing's coalition Government. M. Servan-Schreiber had to overcome a strong challenge from M. Edgar Faure, a former Prime Minister, and Jacques Chirac, President of the National Assembly, who decided to run for the leadership of the Radical Party at the last moment.

spread suspicions that he and M. Chirac were trying to lure the Party into the Gaullist web. Though M. Faure began his political career in the Radical Party after the second world war, he later served as a Minister both under General de Gaulle and President Pompidou and is a close friend of the present Gaullist leader, M. Jacques Chirac. His sudden reconversion to Radicalism and his bid for the Party's Presidency aroused wide-

spread suspicions that he and M. Chirac were trying to lure the Party into the Gaullist web. Though M. Faure began his political career in the Radical Party after the second world war, he later served as a Minister both under General de Gaulle and President Pompidou and is a close friend of the present Gaullist leader, M. Jacques Chirac. His sudden reconversion to Radicalism and his bid for the Party's Presidency aroused wide-

Zaire predicts Shaba war near an end

BY OUR OWN CORRESPONDENT

KAISAJI, ZAIRE, May 15.

As Katangese insurgents were reported to be retreating behind mines and blown bridges, a Zairean military spokesman pronounced the Shaba conflict, now in its ninth week of low-key fighting, "virtually over."

Briefing reporters on instructions from President Mobutu Sese Seko, he said the insurgents, who launched their invasion from Angola on March 8, were falling back in the face of a dizzying advance by the Moroccan-supported Zairean Armed Forces (FAZ) offering resistance.

But pressed on when exactly he expected to be able to declare total victory, the spokesman would say only that if it were not for the mines and destroyed bridges, he would not

give the rebels more than eight days. The military situation could well turn further against the Katangese who have been in retreat for around three weeks, since they will no longer have the cover of elephant grass and savannah now that the dry season has arrived and devastating bush fires have already started. On the other hand, the Katangese are falling back into a tight defence line along the Zaire-Angola border, holding a north-south line running from Kapanga through Sandona, to Dilolo, 75 miles west of here. Like other towns along the line of the FAZ advance, Kasaji is a deserted shell, bereft of civilian life save for a small colony of lepers, whom no-one will approach for fear of contamination. Shops on the main boulevard—a palm lined dirt street—are empty, houses are without furniture, and cooking pots are scattered on baked

COMPANY NOTICES

B.I.R.D. 71% 1972-1987 Loan of FF. 150,000,000 FF. 7,500,000 of the issue due for redemption on 15th June 1977 has been repurchased in the Market. The amount of the issue outstanding after 15th June 1977 will be FF. 142,500,000. Date of Publication: 16th May 1977

S.N.C.F. 61% 1967-1985 \$US 30,000,000 \$US 2,000,000 of the issue due for redemption on 15th June 1977 has been repurchased in the Market. The amount of the issue outstanding after 15th June 1977 will be \$US 16,000,000. Date of Publication: 16th May 1977

INTERNATIONAL COMMODITY SHARE FUND "CORPUND S.A.H." Société Anonyme 23, avenue de la Porte-Neuve LUXEMBOURG B 7942

CLASSIFIED ADVERTISEMENT RATES Industrial and Business per column per cent 2.75 12.50 Business for Sale/Wanted 2.75 12.50 Residential Property 1.25 12.50 Business & Investment 4.50 13.00 Directorships, Corporations, Loans, Production Licenses, Education, Motors, Contracts and Tenders, 2.50 11.50 Hotels and Travel 2.75 12.00 Book Publishers 1.50 11.50

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HILLGATE FINANCE COMPANY LIMITED and in the Matter of the Companies Act 1947. NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company has been presented to the Court by the said Court by THE TREATY SOLICITOR, Matthew Parker Street, London, E.C.1.

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention to do so, the notice must state the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or if posted, must be sent by post, not later than 4 o'clock in the afternoon of the 17th day of June 1977.

NOTICE IS HEREBY GIVEN that the Registrar of Companies and Transfer Books of the Company will close on Friday, 27th May 1977, for one day only for the purpose of payment of interim dividend 15th June 1977. Transfers will be signed not later than 5 P.M. on 27th May 1977. By Order of the Board of Directors, L. A. Crutchfield, Secretary.

PREVENTION OF FRAUD INVESTMENTS ACT 1958. NOTICE IS HEREBY GIVEN that the Registrar of Companies, Limited, of 31-45 Graham Street, London, E.C.1V, has relinquished the said Practice in favour of the Registrar of Companies, Limited, of 31-45 Graham Street, London, E.C.1V, in accordance with Section 3 of the Act.

TRAVEL This traditional hotel in Zurich's famous Bahnhofstrasse is the ideal venue for the business man. You meet Zurich's City in the comfortable lounge or in the exclusive restaurant. Each guest room has its individual decor.

Lch The annual report for the year 1976 of Leveraged Capital Holdings N.V. has been published and may be obtained from PIERSON, HELDRING & PIERSON N.V. Amsterdam.

DFIs 30,000,000.— 6 1/2% Bearer Notes 1972 due 1976/1979 of THE COUNCIL OF EUROPE RESETTLEMENT FUND FOR NATIONAL REFUGEES AND OVER-POPULATION IN EUROPE Strasbourg (Headoffice: 55, avenue Kleber, 67084 Paris Cedex 16) Second annual redemption instalment (Redemption Group No. 2 fell due on June 15, 1976) As provided in the Terms and Conditions Redemption Group No. 4, amounting to DFIs 7,500,000.— has been drawn for redemption on June 15, 1977 and consequently the Note which bears number 4 and all Notes bearing a number which is a multiple of 4, are payable as from June 15, 1977 at: Algemene Bank Nederland N.V. (Central Paying Agent) Pierson, Helderling & Pierson N.V. Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV in Amsterdam; Banque Bruxelles Lambert S.A. in Brussels; Banque Internationale à Luxembourg, S.A. in Luxembourg; Algemene Bank Nederland (Gestree) S.A. in Geneva; Algemene Bank Nederland in der Schweiz AG in Zurich. April 28, 1977

NESTLÉ S.A., CHAM AND VEVEY, SWITZERLAND formerly NESTLÉ ALIMENTANA S.A. Change of the Company's name As the General Meeting of 12th May 1977 it was decided to change the name of the Company from Nestlé Alimentana S.A. to Nestlé S.A. As from 16th May 1977 the Swiss Stock Exchanges will quote the twin shares Nestlé Alimentana S.A./Unilac, Inc. under the name "Nestlé S.A./Unilac, Inc." It is not foreseen to reprint new share certificates or to overprint the old shares with the new name of the Company. The security numbers remain unchanged. Payment of dividend coupons Notice is given to shareholders that following a resolution passed at a General Meeting of shareholders held on 12th May 1977, a dividend for the year 1976 will be paid to them as from 16th May 1977, as follows: Per share Fra. 72.— less Swiss federal withholding tax of 35% Fra. 25.20 or net Fra. 46.80 against delivery of coupon No. 20. This amount is payable in Swiss francs. Paying Agents outside Switzerland will pay in the currency of the country in which the coupons are presented, at the rate of exchange on the day of presentation. Coupon No. 20 may be presented as from 16th May 1977, to the following Paying Agents of the Company: In Switzerland: Swiss Credit Bank, Zurich, and its branches; Swiss Bank Corporation, Bern, and its branches; Union Bank of Switzerland, Zurich, and its branches; Banque Populaire Suisse, Bern, and its branches; Banque Cantonale Vaudoise, Lausanne, and its branches; Banque Cantonale de Zurich, Zurich, and its branches; Banque Cantonale de Berne, Berne, and its branches; Banque Cantonale Zougloise, Zoug, and its branches; Banque de l'Etat de Fribourg, Fribourg, and its agencies; Dardier & Cie, Geneva; Lombard Odier & Cie, Geneva; Pictet & Cie, Geneva; Handelsbank N.W., Zurich; Bank Leo Ltd., Zurich and its branches. In England: Swiss Bank Corporation, London In the United States of America: Morgan Guaranty Trust Company of New York, New York; Swiss Credit Bank, New York; Swiss Bank Corporation, New York. In France: Crédit Commercial de France, Paris; Banque de Paris et des Pays-Bas, Paris. In Germany: Dresdner Bank A.G., Frankfurt/Main and Düsseldorf. In Holland: Pierson, Helderling & Pierson, Amsterdam. In Austria: Girozentrale und Bank der österreichischen Sparkassen A.G., Vienna. Cham and Vevey, 12th May 1977 The Board of Directors

UNILAC, INC. PANAMA PAYMENT OF A DIVIDEND Notice is given to shareholders that following a resolution passed by the Board of Directors on 2nd May 1977 a dividend for the year 1976 of \$5.50 per common share will be paid to them as from 16th May 1977 upon delivery of coupon No. 20 and this in accordance with the provisions of the Articles of Incorporation. This dividend is payable in U.S. dollars. Paying Agents outside the United States will pay in the currency of the country in which the coupons are presented, at the rate of exchange on the day of presentation. Coupon No. 20 may be presented as from 16th May 1977, to the following Paying Agents of the Company: In Panama: Panama City, 12th May 1977 The Board of Directors

U.K. clothing industry to strengthen Euro council

BY RHYS DAVID

A NEW representative body of clothing in Britain, the Clothing Industry Joint Council, is expected to approve emergency action this week aimed at ensuring that the U.K. continues to be represented at important European discussions covering the sector.

The Council, which was formed after this year, is expected to see at a meeting in Leeds to discuss its role and work under its wing the Clothing Industry Council for Europe (CICE) which will be faced with possible winding-up in favour of CICE, which represents Britain in AETI (the European Association covering clothing), textile groups who, like the Government, have been anxious to ensure that the British industry can still make its views known through European channels on the part of the main U.K. industry to supply the funds

needed to keep CICE in membership after the end of this year. CICE's possible demise, at a time when important negotiations on textiles and clothing are being conducted by the EEC, is known however to have been a cause of considerable concern to the Government.

Under a proposal, which will be put forward in Leeds by Mr. Norman Sussman, the BCJIC chairman, CICE will become one of its committees. A cash injection of £2,500 has been raised to continue its support of CICE while remaining outside the new joint council.

Speaking at the Clothing Manufacturers' Federation annual conference in Bowness, Cumbria at the week-end, Mr. Sussman said a stay of execution for CICE had been achieved, giving a year in which to sort out problems at European level.

Third world fails to agree joint MFA stand

By Philip Bowring

HONG KONG, May 15.

A WEEK long seminar of textile trade officials from a number of developing countries which export textiles ended here on Friday. The seminar, sponsored by the Commonwealth Secretariat but including non-Commonwealth countries such as Thailand and South Korea, discussed major issues involved in the registration of the Multi-Fibre Textile Agreement (MFA).

The talks were described as being "frank and cordial" and allowed participants to get a better idea of their respective stances in the Geneva negotiations. But clearly there was no unanimity on the stand the developing nations should take, notably in the face of EEC demands for major changes in the agreement which expires at the end of this year.

Specific areas where disagreement exists among developing countries, depending on their present and potential export positions, concern the question of whether there should be variable quota increases built into the pact to give advantages to those with growth potential and disadvantage to the two biggest exporters, Korea and Hong Kong. Also there is disagreement on the question of whether or not global quotas are more advantageous than individual nation ones.

VIDEO-TAPE RECORDERS

Battle lines are drawn

BY CHARLES SMITH, FAR EAST EDITOR

LAST WEEK Matsushita Electric announced its definitive entry to the video-tape recorder (VTR) market in Japan with its decision to market a new home-use VTR system. This means that all the main contenders in the fast growing and hotly competitive VTR market have now declared their positions.

Apart from Matsushita's new NV 8800 unit using a two-head play back system, which will sell for ¥286,000 the other main VTRs now being produced are Sony's B-format (also made by Sanyo and Toshiba) which records for up to two hours (like the Matsushita model) and sells for ¥288,000, the cheaper Sony Betamax which sells for ¥220,000 but plays for only one hour and the Victor HR-3300 which plays for two hours and costs ¥266,000.

Matsushita is also producing the VX-2000, a single head model which plays for one and a-half hours and costs ¥210,000.

The biggest producer of VTRs in Japan on current form is Sony which claims to be planning to manufacture 300,000 units of Betamax and B-format models this year. Sony has a lead in terms of time as well as volume of output since its first Betamax was introduced as long ago as May 1976. Victor however, which put its model on the market last autumn, says it will make 150,000 units this year, while Matsushita may produce over 40,000 of its NV 8800s including a similar "professional use" model the VN 8300. The Matsushita NV 18300 and the Victor 3300 both

use the VHS (Video home recording system) developed by Victor and are interchangeable in most respects including the size of cassette.

Sony is manufacturing its own cassettes for the Betamax series. Both Sony and Matsushita and Victor agree that standardisation of VTR is inevitable sooner or later but each side is adamant that its own system is the one which must be standardised. The

able for a 10 per cent deposit followed by monthly payments of around ¥5,000 (about £10) which will bring them well within the range of ordinary people. Matsushita expects its customers to include taxi drivers and other night workers who will use VTR to record favourite television programmes which they will not be able to watch "live" during peak viewing times. Most of the sets now coming out of the market include automatic timers which can be used to start the recorder while the owner is away from home.

A vital factor in the struggle between Matsushita and Sony for VTR supremacy will be who comes off best in the U.S. Sony is already exporting actively to the U.S. and is licensing Zenith, the biggest American TV producer, to make its Betamax series. Matsushita will be starting OEM supplies of its VHS system recorder to RCA this autumn.

Matsushita is making much of the fact that the model supplied to RCA will be able to play for four hours, by halving the speed of the tape. This is expected to be an important selling point in the U.S. because American TV viewers are thought to be interested in recording long running American style football. Sony's B-format series uses half speed playing of the tape to double playing time from one hour to two hours, so it is not immediately clear how Sony will achieve four hour playing time from its current models.

The VTR is regarded as the next major consumer electronics "buy" in Japan and is definitely not expected to be limited to the luxury or specialist market.

VTR "battle" has involved the main producers in competitive efforts to bring the electrical manufacturers within their fold as joint producers or as purchasers of OEM (original equipment manufacturers) equipment. Thus the Betamax will be sold also by Pioneer and Aiwa while the VHS system developed by Victor will also be marketed (under their own labels) by Hitachi, Sharp and Mitsubishi.

Danes to compete on ship credits

By Hilary Barnes

COPENHAGEN, May 15. THE DANISH GOVERNMENT is prepared to provide shipyards with credit facilities to match those of competing foreign yards, according to Trade Minister Ivar Noergaard.

He said that if a yard could demonstrate that it was in danger of losing an order because foreign yards could offer better credit terms, he had instructed the central Bank to ensure that the Danish yard could match the terms being offered by its competitors.

So far Denmark has not subsidised its shipyards in any way other than to provide credit facilities which are in line with arrangements approved by the OECD. Mr. Noergaard said there was no intention to introduce a general change in these facilities. The matching of credit terms with foreign yards would not apply to orders placed by Danish shipping companies, he said.

BSC wins £5m. Greek order

BRITISH STEEL Corporation has won two export orders, worth a total of £5m, to supply steel billets for re-rolling to a new mill near Volos in Greece, with the prospect of securing further orders as a follow-up to the first contract.

Decision soon on Austro-Porsche

BY PAUL LENDVAI

VIENNA, May 15.

THE CONTROVERSIAL project of erecting a major car production plant in Austria in co-operation with the German Porsche Company has entered a decisive phase with Austria's Chancellor Dr. Bruno Kreisky reportedly joining the advocates of the project.

After a recent summit meeting with leading German trade union functionaries and the directors general of AG the holding company for nationalised industries and Porsche Ag, the chancellor was long to give the green light provided the problems of finance and marketing are resolved satisfactorily. According to Franz Geist, Director general of OIAG, initiator of the so called Austro-Porsche project, investment costs could be between 1.4bn (about £130m.) and 1.6bn, depending on whether parts and gears are imported from Austria.

The company would have a net capital of Sch.2bn. The plan, planned to go on stream

in 1982-83, would turn out about 50,000 units a year. The top market car, costing at present prices some Sch.160,000, would be primarily sold abroad with Austria providing a market for only 7,000 to 9,000 units. According to a feasibility study compiled by the prospective German partner, the U.S. market could absorb some 20,000. West Germany could take about 18 per cent, and Japan and France each some 2,000 Austro-Porsche cars per annum.

In the opinion of Dr. Geist, OIAG (the nationalised sector) would be satisfied with only a minority interest while Porsche could hold about 18 per cent with the rest divided among various foreign partners. Dr. Geist said that already five foreign companies had expressed interest in the project and talks about future marketing arrangements are in progress with the Volkswagen company.

The advocates of the project argue that it could provide jobs

Weldit UAE venture

FINANCIAL TIMES REPORTER

LDIT ENGINEERING of Athorpe, is involved in setting up a "multi million pound company" in the United Arab Emirates called the National Emirates Fabrication Company (NEFCO)—and registered in Um Al Quaiwain, as well as being one of the partners Weldit has been awarded the contract for development and operation of a new organisation. NEFCO's objective is to develop a fabrication and specialist engineering facility to service the oil and gas industries in the Middle East.

There will be a planned capital development scheme over the next three years and Weldit's brief is to establish NEFCO in this expanding market as an efficient oil rig fabricator in an area where competition is developing fast. The Weldit group is already established in the oil industry and during the last three years has processed some 50,000 tonnes of steel pipe, jacket, decks and other structures directly for the major oil companies.

EEC biscuit tax threat

FINANCIAL TIMES REPORTER

A 10 per cent drop in biscuit exports—following the imposition of this week of Common Market Monetary Compensation amounts (MCA's) was forecast by the weekend by Mr. Bill Bowman, chairman of the Cake and Biscuit Alliance.

Mr. Bowman said the MCA's, to be levied on the EEC on British biscuit exports to all countries, as a "discouraging" export tax, would increase in the next five years.

Bournemouth, said it would add between 3 per cent and 10 per cent to export prices. He warned the other EEC countries that MCA's would not benefit the EEC's balance of trade generally or the U.K. economy.

Britain last year exported biscuits to the value of £55.8m., a 45 per cent up on 1975, and the industry's stated target—now set at £100m.—is a further 50 per cent increase in the next five years.

Contracts

Japco had signed long-term mechanised coal production contracts to supply metallurgical techniques.

The products division of the company says should use more than \$400m. in the next 12 years. The contracts are with Nippon Steel and Steel and call for delivery to 700,000 tons of high-purity metallurgical coal a year starting in mid-1978.

irelli has won a 1.6bn. contract from the Italian contractor for the new port of Bandar-e-Abbas in Iran—Societa Condotta. It involves supplying more than 20,000 tyres for trucks, earth moving machines, and a fleet of the new port. It will also provide technical assistance.

arber-Greene has received a contract to supply aggregate crushing, screening and sorting equipment to from Fabrikken Heden Ulidum of Corra de Brazil for use in constructing the Tucuruí project on the Amazon river in collaboration with its French agents, Etablissements Debord, for a 1,000MW hydroelectric dam. The dam will be installed in the state of Para, Brazil. The contractor is a £1.3m. Paris works of Hispano Suiza. The deal to supply complete face equipment for a mine in the bar. Dowry and Anderson Canadian Government to build a hydroelectric plant and dam (500MW) at the mouth of Rustico Bay, Prince Edward Island.

World Economic Indicators

| RETAIL PRICES | | | | |
|---------------|-----------|----------|----------|-----------|
| | April '77 | Mar. '77 | Feb. '77 | April '76 |
| Germany | 143.9 | 143.2 | 142.9 | 138.9 |
| France | 181.4* | 178.4 | 176.9 | 169.8 |
| Italy | 178.2 | 177.1 | 175.3 | 167.5 |
| Spain | 164.12 | 164.27 | 164.2 | 152.87 |
| UK | 177.1 | 175.5 | 174.3 | 162.4 |
| USA | 175.8 | 174.1 | 172.4 | 158.4 |
| Japan | 115.3 | 114.7 | 113.6 | 105.4 |
| India | 222.8* | 218.6* | 218.8 | 204.4* |

Change on year

Index base year 1974=100



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BRITISH GAS

Joy 10 1975

Building and Civil Engineering

Contracts for Wimpey

GEORGE WIMPEY in Manchester has won two contracts valued at over £1.9m.

The largest is for a traditional 125-unit development of 125 2-storey houses for the Metropolitan Borough Council of Cheshire in Kingsway, Altrincham, Middlesex. The work has started and is due for completion in July 1978.

At Barton Dock Road, Stradfield, Manchester, a warehouse office is to be built for George Fischer Sales at a contract value of £617,000. Work also started on this job and due for completion in August 1978.

In Liverpool Wimpey has three contracts jointly totalling over £1m.

First of these is for the Skelmersdale Development Corporation for the erection of twelve small factories at a value of about £661,000.

At Grimrod Place, Skelmersdale, the factories will be in the form of three groups of 4 attached factories, with a total floor area of 5,400 square metres. Work is scheduled for November, 1977.

Runcorn Development Corporation has awarded a £650,000 contract for nine factory units at Whitehouse Industrial Estate, Aston Road, South Runcorn. The development is in two blocks with a total floor area of 9,400 square metres. Work has started and is to be completed in December, 1977.

The Royal British Legion Housing Association has placed

£3m. awards to Rush and Tompkins

ABOUT £3m. worth of contracts have been won by Rush and Tompkins.

Among the larger jobs is the fitting out of a supermarket at Newark at a cost of £275,000 and alterations at Littlewoods, Croxson, store under a £500,000 contract.

In Chapel Street, London, N.W.1, the company is to modernise an office block for the Property Services Agency at a cost of £700,000 and again in London Rush and Tompkins is to erect dwellings for the Nottingham Hill Housing Trust in Gorbam Place, Nottingham Hill for £90,000.

In Watford, Herts., in Sutton Road, the company is to refurbish properties for the local council for £90,000.

In Salisbury, a £337,000 contract has been received from Southampton City Council for the construction of Oakwood Middle School, and a 19th century building in the city, previously used as an art college, is to be altered and modernised in a contract valued at £100,000 to provide office accommodation.

In Scotland, the company has been awarded by the Strathclyde Regional Council a £450,000 contract for the erection of a single-storey school.

Partition in timber system

GREATER structural strength, more flexibility of application—glazing and infill panels with non-combustible class 0, 1 and 3 finishes. Fire-resistant designs advantages over conventional are at present under development.

Fitting out job at Boots

A £670,000 contract to fit out a new Boots store at the Milton Keynes shopping area has been awarded to John Laing Construction. Laing is already constructing the half-mile long shopping centre.

The project is the first fitting out contract to be awarded and the store will be a major unit in the building which will have more than 1m. square feet of gross lettable shopping space when completed at the end of 1979.


An entirely different job for Laing is at the Rising Sun Sewage Works, at Whitechurch, Shropshire. The Welsh National Water Development Authority, of Brecon, has awarded the company a £15,000 contract for civil engineering and building work to increase treatment capacity of water from Wych Brook by 35 per cent. from 580,000 gallons a day to 900,000.

Clifford is at Champion House, Burlington Road, New Malden, Surrey. 01-849 1621.

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The whole of the works is British Smelter Construction.

The civil and building works call for a steel-framed aluminium clad building about 75 metres square, a fin-hed product store, the main office, canteen, and ancillary buildings totalling about 750 square metres and the associated drainage, roads and external works.

The project is due for completion in May, 1978.

At work in the west

THREE BUILDING contracts in the South-West, together totalling £1.8m, have been awarded to Dudley Coles, a subsidiary of Marples Roadways.

The largest contract, worth £1m, is for a Tesco supermarket in Truro. It will consist of a two-storey block made up of first floor shopping area and a basement/ground floor storage and service facility. The total sales area will be 35,000 square feet. The block will have an in-situ concrete first floor slab with concrete columns supporting structural steel roof and be finished overall with brick cladding.

The other contracts are in Plymouth. One, worth £620,000, is for a food warehouse and a two-storey office block for the Plymouth and South Devon Co-operative Society and the other for classroom extensions to Lane Comprehensive School. This is worth £220,000.

Aluminium plant near Dubai

G AND T CONSTRUCTION, jointly owned by Tarmac International and the Al Ghurair organisation of Dubai, has been awarded a £11m. contract for the civil and building works associated with the construction of a new aluminium extrusion plant near Dubai.

Located in the rapidly developing industrial area at Jebel Ali, 30km. south of Dubai, the extrusion plant is owned by Gulf Extrusions. Project manager for

Fiche finds the pipes

ALTHOUGH gas maintenance teams can be sent quickly enough to the site of a suspected gas leak, problems can then arise in finding pipe locations.

In South Eastern Gas for example, there are some 10,000 ordnance survey maps with pipe runs and 50,000 more local sketches, some dating back to the first world war. Often the teams have to make trips back to headquarters to check on locations or conduct difficult conversations over the van radio telephone. The question is now also arising of the archival permanence of many of the older drawings.

To overcome the problem SEGAS has decided to commit all the drawings to microfiche and is supplying each of its 150 distribution supervisors with lightweight portable viewers that can be taken to the site. The system will cost about £75,000 but considerable savings in operational time and money are expected.

The fiche are carried in a pocket-sized album so that it will be easy to ensure that the supervisor will have any map he is likely to need.

Other gas boards, and other utilities are taking an active interest in the system and moves are afoot to ensure that it will be possible eventually to interchange data about underground services between the gas, water, electricity and telecommunications authorities.

Nokad, which has supplied a good deal of the equipment (although the 150 viewers are German) believes that the idea may have applications in other field-service industries.

Many jobs for Tarmac

AMONG the latest contracts awarded to Tarmac Construction one involving work in connection with the "hot metal route" on British Steel Corporation's Dearburn furnace at nearby Leebly.

This contract is worth more than £1m. Tarmac has already carried out nearly £1m. worth of preparation work. Consulting engineers are Blyth and Blyth, at Canterbury, Kent, the firm is to build a £283,000 shops and office block in Castle Street for the County Durham Tarmac and the London and Manchester Securities Group. The building will offer 1,312 square metres of accommodation. Completion is due in February next year.

Finds the heat leak

MILAN, A Tate and Lyle company has recently introduced a device in which skilled technicians will visit a site to make a thermographic survey of items such as underground heating pipes and boilers.

Defects can be found in a variety of installations including use insulations, district heating mains or even in high voltage cables.

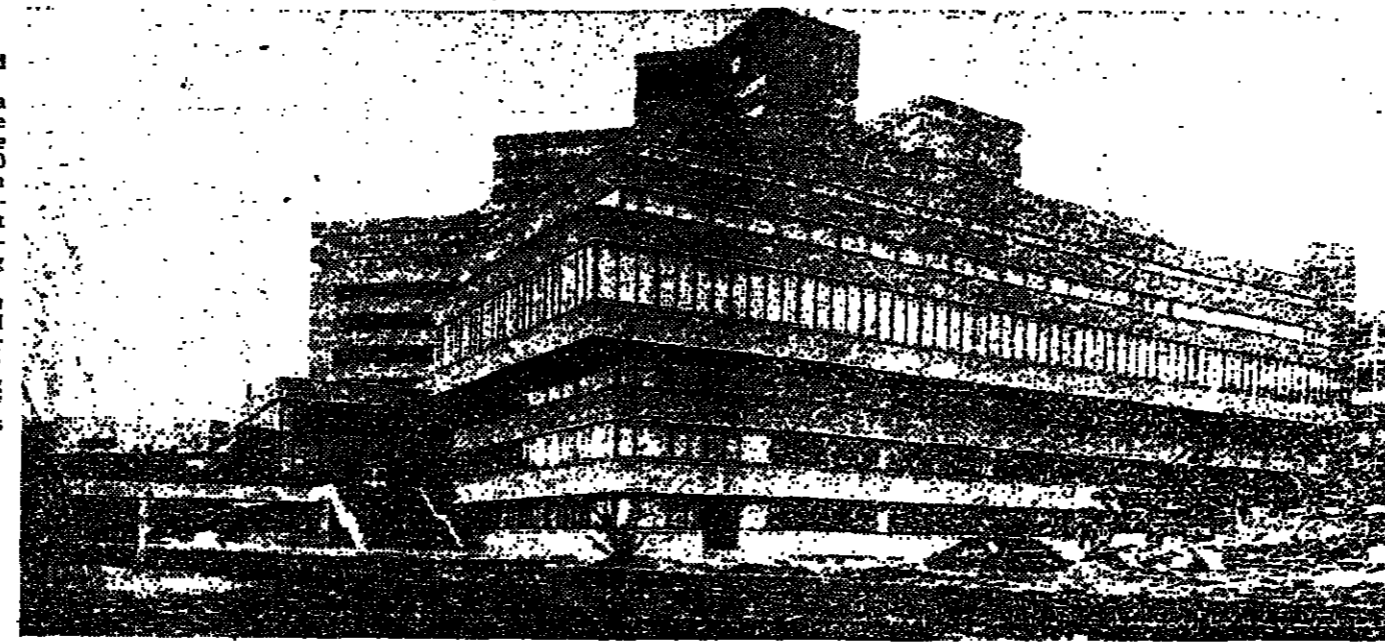
An infra-red TV camera is used which gives a "live" picture of thermal conditions. The screen is photographed to provide a permanent record. The camera can reveal small temperature differences. Total range extends from -20 to +2,000 degrees C.

The company, which has developed the service in conjunction with B. L. Thermographic Surveys, emphasises that results are very much a matter of correct interpretation of the off-screen photographs, and that they have experienced job-trained technicians for this purpose. Tylin is at West Street, Buckingham MK18 1HE (02802 5251).

Lower block in Qatar

MITE, YOUNG and Partners, Architects are Arabian Design Associates of Doha, assisted by Hughes and Polkinghorne of Norwich. Quantity surveyors are Langdon and Every, and Partners, of Doha.

The project will go out to tender shortly and the estimated construction cost is £3m.



The central services block of the Huddersfield Polytechnic due to be opened tomorrow by the Duchess of Kent. It was built by Dowsett Engineering Construction into a hillside near the town centre and has 15 storeys with entrances at five levels. Architects are Hugh Wilson and Lewis Womersley and the consulting engineers are Ove Arup and Partners.

Readymade bathrooms

COMPLETE bathroom blocks which may be fitted directly into buildings are being offered by an Italian company at an estimated works cost of between £700 and £1,100.

The units have steel frames, are tiled in ceramics, aluminium or stainless steel and are ready for connection to pipework, ducting and power supply.

Built by FEAL of Milan, the units are being marketed in the U.K. by Makoni Establishment, 71 Selborne Road, London N14 7DE. They are suitable for houses, hotels and hospitals.

More work in the Gulf

BERNARD SUNLEY and Sons which has been working in Qatar for about four years has won a further order there valued at

around £1m. This brings the company's total commitment there to about £30m.

The latest contract is for constructing a two-storey office in Doha, with a floor area of 2,700 square metres, for the Qatar Armed Forces. The building will have a reinforced concrete frame with blockwork walls and partitions, all blockwork being manufactured at Sunley's works in Doha. Work has begun and completion is scheduled for December 10.

Architects for the scheme are Dalghesh Lindsay Group of Doha and the quantity surveyors Langdon and Every (Arabian Gulf), Doha.

Paving the way to beat the spray

AT TIMES reaching a top speed of 3 metres a minute, a paving machine has laid 2,000 tonnes of friction course blacktop surfacing at the Donington Park motor racing circuit.

The nearly two miles long circuit was paved in six days by Redland Aggregates with a 20 mm thick bitumen binder which incorporates a natural rubber latex additive.

This material has been used on aircraft runways to prevent skidding and it is thought that on motor racing circuits it could very significantly reduce the volume of spray thrown up by fast racing tyres.

Redland's contract included profiling of the circuit formation, kerbing and work in connection with service roads and the paddock.

IN BRIEF

● P. Trent has won a £35,000 contract from British Rail (Western Region) for the construction of 650 metres of 600mm diameter surface water drain alongside the main line between Newbury Middle and East Junction signal boxes, where heavy rain has caused flooding in the past. The work is prior to track re-alignment so that the line can be upgraded for 100 mph trains.

● A contract, worth about £1m, has been won by the Totty Building Group, of Bradford, for extensions and alterations to St. Joseph's College, Conliffe Road, Bradford, comprising a new science and crafts block.

● A £153,000 contract won by John Mowlem and Company for work in connection with the flood defence gate at Tilbury Dock will all be carried out underground. Mowlem will use a 171-ton diving bell manned by a crew of four operating at a depth of approximately 42 ft.

● Tilbury Construction has won a £1m. contract to build 63 flats at Harcourt/Alcester Road, Wallingford, Surrey, for the Bourne Housing Society. Architects are Brian Drury Associates.

● Sigmund Pulsometer Projects, a member of the SPP Group, has been awarded two contracts, to a total value of £141,000, for the supply and installation of pumping equipment for a pumping station at Browns Point, Whitley Bay, and a new sewage treatment works at Sunderland.

Work rolls in to Pochin

ELEVEN contracts worth over £2m. have been awarded to Pochin.

Biggest of the contracts is a process control building for Clayton Aniline Co., Manchester. Contract value is £415,000. The second biggest, worth £358,000, is for a headquarters building at the R.A.F. station, Valley, Anglesey.

At Stockport Pochin will carry

out £290,000's worth of alterations for Ellis Jones and Co. (Stockport) while at Goostrey, Cheshire, 31 dwellings are to be built at a cost of £270,000 for Congleton Borough Council.

Other contracts include two schools worth a total of £340,000; phase two of the extension to the administration block for Perkins Engines, Peterborough, valued at £250,000, an automatic telephone exchange in Mold, North Wales (£103,000) and a new hotel at Connahs Quay, North Wales for Allied Breweries (£77,500).

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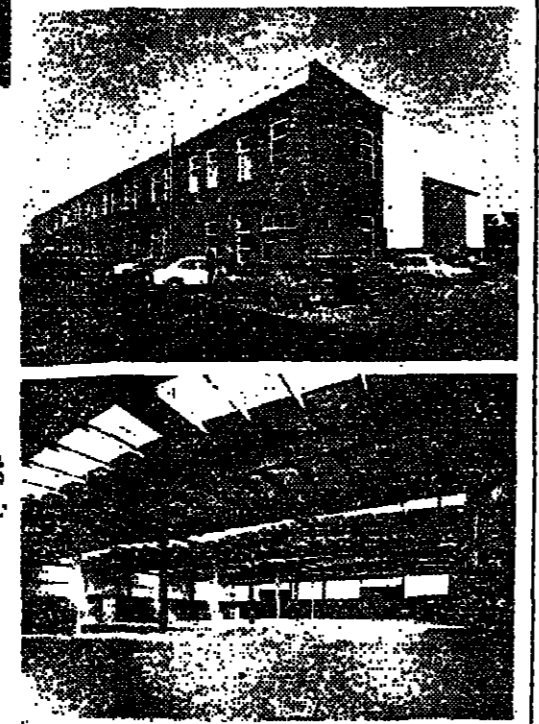
The versatility of this Crendon structural system in satisfying specific requirements is amply demonstrated. The gantry crane in the above example is directly supported by corbels which are an integral part of the main design; as are the supports for the immediate floor in the adjacent 2-storey office block shown inset. In this way Crendon will always give you getting a bespoke structure from a standard system of framing with all its cost and time saving advantages.

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HOME NEWS

Leyland bus hopes fade as rival wins orders

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH LEYLAND'S prospects of clinching a deal with local authorities and London Transport to build its next generation double-deck bus, the B15, have receded with the news that its main competitor has moved in to take orders from almost all the principal members of the proposed consortium.

Camell's success in winning a £40m. order for stock for the Hong Kong rapid transit now under construction. A further rapid transit order, of a similar size to the first, is likely if the second stage of rapid transit system wins Government approval.

been mixed, with only Greater Manchester, London and the National Bus Company firm takers, but the change of political complexion as a result of this month's elections in London and Manchester could well have undetermined even this progress.

London chamber recruit for CBI

By John Elliott,

WESTMINSTER Chamber of Commerce has joined the Confederation of British Industry. This represents a relatively small but significant boost for the confederation's role as a central spokesman for industry and commerce.

Pay, prices figures may disclose 1% cut in earnings

BY ANTHONY HARRIS

FIGURES FOR wages and retail prices released this week are likely to show a further cut of perhaps a full percentage point in real earnings, adding further to the agitation against continued wage restraint.

sharply, because the Budget tax increases on tobacco and alcohol worked quickly through to the retail end. However, since there was a 1.9 per cent rise in the index between March and April last year, it is not certain that the year-on-year rate will rise this month, though this series is still expected to peak in about July.

Britain bottom in private savings

Financial Times Reporter

THE PROBLEMS of the British economy over the last decade cannot be blamed on the rising cost, relative to other EEC countries, of raising capital, claims a study published today.

Stokes optimistic on Meriden sales

BY PETER CARTWRIGHT, MIDLANDS STAFF

SALES OF the Bonneville could reach 10,000 to 12,000 in the next year, with possibly 7,500 in the present season, Lord Stokes former British Leyland chairman, told 150 Meriden Motorcycle Co-operative distributors in Birmingham.

Last month's money supply figures, to be published on Thursday, are likely to show quite a sharp growth after the very restrained performance of earlier months, with an increase of 2 per cent or more in the broadly defined money supply.

Trijet put on Jetsave's Los Angeles flight

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

JETSAVE, the U.K. low-cost transatlantic travel organiser, flew the first North American service yesterday, with the new British Caledonian Airways DC-10 trijet.

Medium-engine car sales 'up'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

SALES of European cars The market for vehicles in the 1000 to 3000cc range will drop more gently, from 37 per cent in 1980 and 30 per cent in 1985, while sales of larger-engined vehicles will stay steady at 2 per cent.

in 1980-85. The survey estimates that total European automobile market was worth \$12.5bn in 1975 and forecasts that it will experience an average annual growth rate of 3.5 per cent until 1980 and 3.2 per cent in 1985.

Auditors willing to check Phase 3 pay deals

By Michael Lafferty, City Staff

SUGGESTIONS that auditors should monitor productivity deals under the Phase Three pay policy have been welcomed by leading chartered accountants as well within the profession's competence.

More Home News on page 29

ing clear guidelines were laid down." Given this, there should be no argument between unions and management on the instructions given to the auditors, who would be capable of acting as independent score-keepers.

Europe's lowest-paid managers

Financial Times Reporter

TOP MANAGERS in Brit medium-sized companies are lowest paid in Europe, rank only with those in Portugal a Spain, according to the latest edition of the Confederation of British Industry's West Europe living costs survey.

While salaries are low, prices are also often below those of other countries, says the survey which gives statistical information for companies on operating costs abroad.

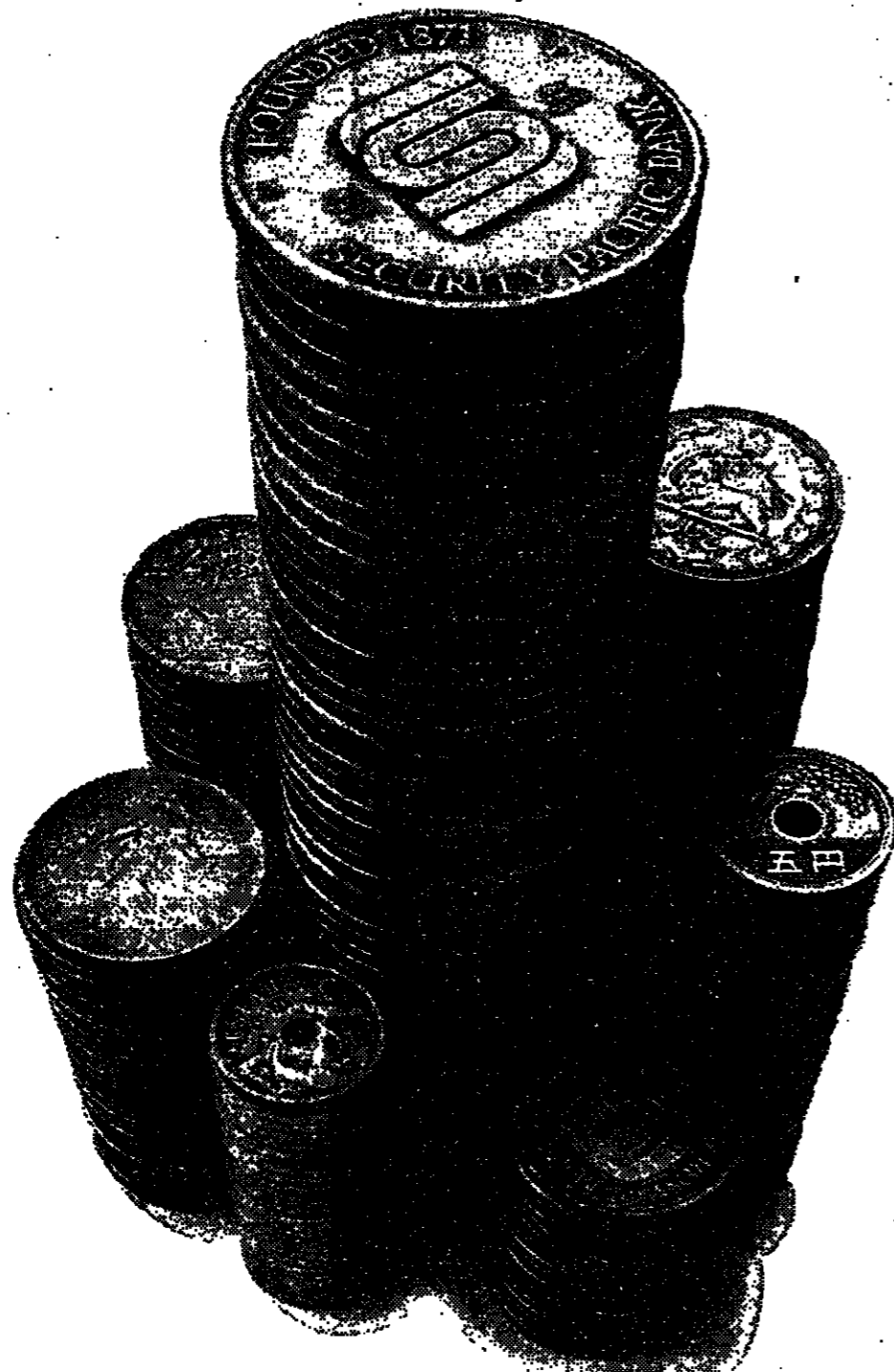
Cheapest prices

A general manager would earn £250-£280 in the U.K., £250-£280 in Spain, £255-£280 in Portugal, £180 in Switzerland, £120 in Sweden.

Name change

NEWSPAPER Press Direct usually published in June will appear this year in November as Benn's Press Direct. The change of name reflects wider range of content.

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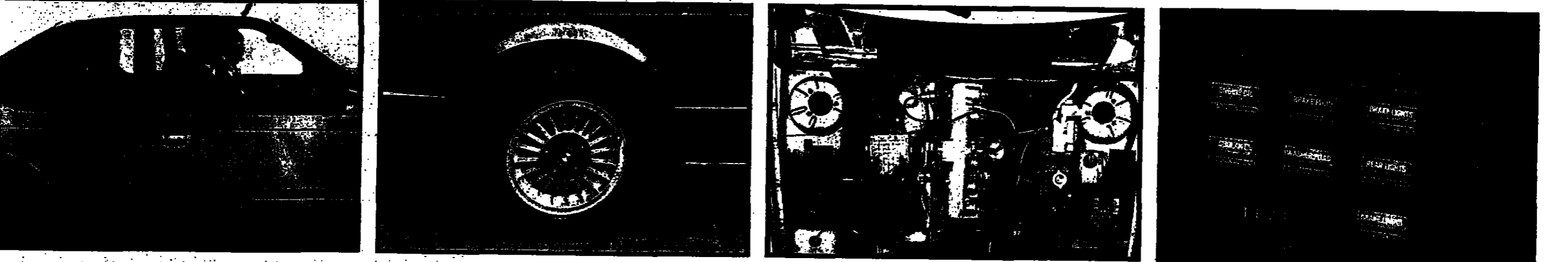
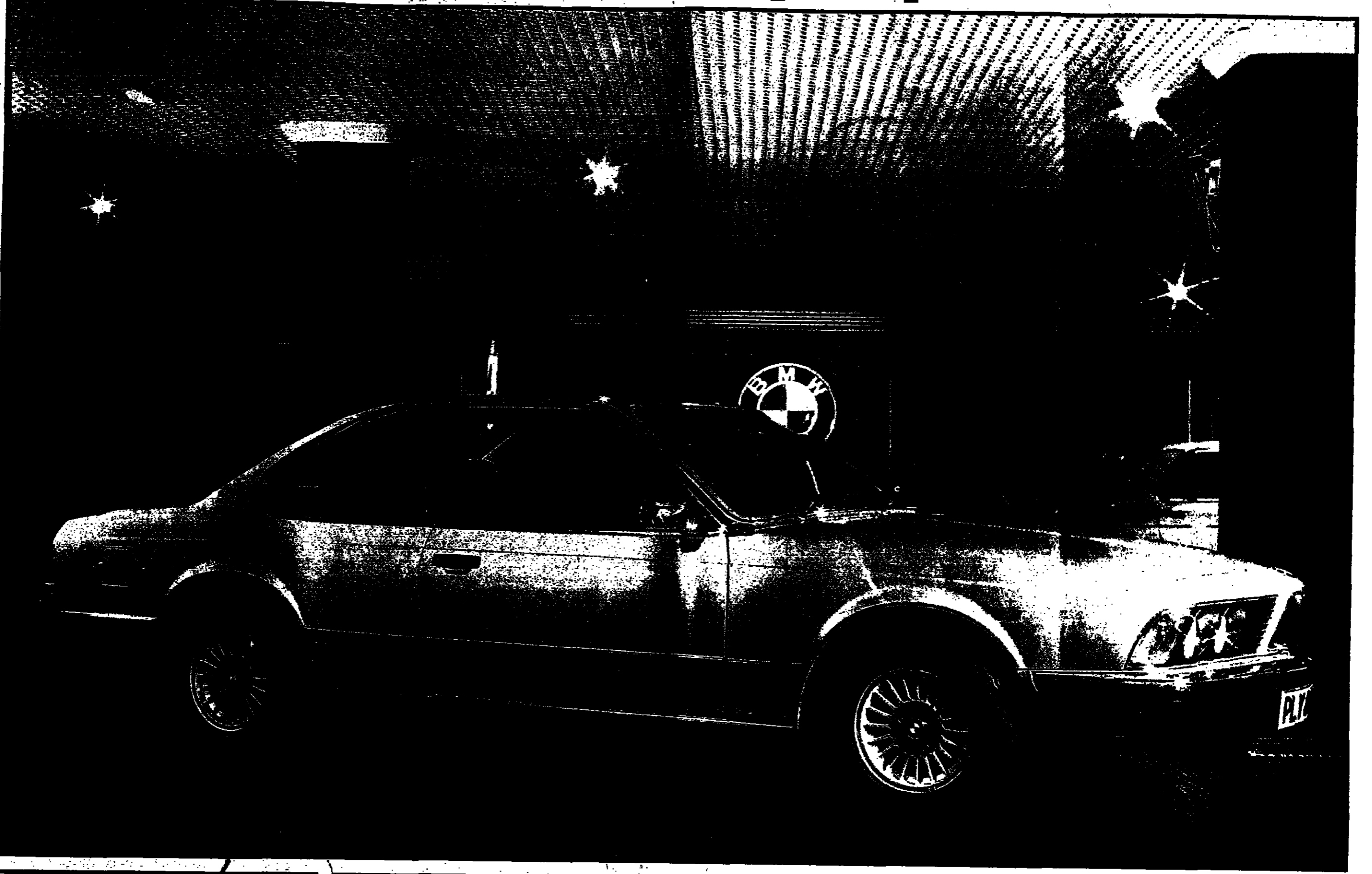
© 1977 SECURITY PACIFIC NATIONAL BANK MEMPHIS 3902

Advertisement for Société Anonyme Marocaine de l'Industrie du Raffinage. Includes text: 'NEW ISSUE', 'Saudi Rials 100,000,000', '8 1/2 per cent. Guaranteed Notes due 1982-1987', and lists of participating banks like B.A.I.I. (MIDDLE EAST) Inc., THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA), etc.

Handwritten note: 10/100 15/50

John 1975

The new BMW 633 Coupé reflects the qualities that make people successful.



The 633 Coupé will inspire its owner with a very particular feeling and a reassurance that even in these difficult times things could be worse.

There are several reasons for this. The Coupé has a unique style, an elegant look of purpose and power. The 3.3 litre, six cylinder engine produces 200bhp. Maximum speed is 134mph. Yet the ride is so effortless that even when the Coupé is being driven fast all you're aware of is the ease with which the power is handled.

Unlike some cars called 'Coupés' the 633 has room to spare for four adults. The leather and velour seats are biomechanically designed for comfort and real support. The front two are not only adjustable for angle and reach but also for height. This ensures that there's plenty of

legroom available in the back.

Detailed attention has been given to the driving position. As with the seat, the steering and pedal positions are adjustable. The control panel 'wraps around' the driver to give the quickest and easiest display and operation. All round visibility is excellent. The feeling the driver has is one of complete command of car and road—a feeling justified by the car's performance.

The balance of speed, handling and comfort is complemented with features like speed-related power steering, electric windows and mirror, tinted glass, head restraints and automatic or manual transmission as standard.

The Coupé also incorporates several highly sophisticated safety systems such as the

driver's safety check panel, where at the press of a button he can check on seven major safety functions of the car. If the worst should happen the Coupé will absorb impact energy in a pre-planned way to give maximum security.

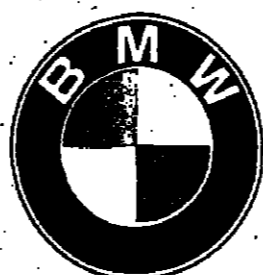
However the main safety feature lies in the car's immediate and exceptional response to the driver. This gives more options in critical situations.

All these factors ensure that the Coupé succeeds in its ultimate purpose—to make every journey fast, safe and effortless to a degree never achieved before. They also make the Coupé one of the world's most pleasurable cars to drive.

So when you next see the BMW 633 Coupé, you might recall the old adage that nothing succeeds like success.

Specification Resumé For Manual Version.
BMW 633 CSI Coupé. Engine 3210cc, six cylinder, fuel injected producing 200bhp.
Performance: Maximum speed 134mph. 0-60 in 7.6 secs.
Petrol consumption: 26mpg (28mpg at constant 62mph).

Price.
£14,799 (Manual or automatic. Price correct at time of going to press)



For the joy of motoring.

BMW Concessionaires GB Limited, 991 Great West Road, Brentford, Middlesex. 01-568 9155. Export, NATO and Diplomatic: 55 Park Lane, London W.1. 01-629 9277.

May 16 1977
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Glass fibre phone lines by Philips

CLOSELY involved with plans to use glass fibres carrying laser beams as the channels for a large number of telephone lines in Holland and Germany, the Philips organisation is building a fibre design and testing facility at Geldrop.

It is to carry out extensive testing of cable, ultimately to be extended to 16 km. This will contain six fibres, each with capacity to carry 1920 telephone channels (140 Megabits/second) yet each fibre will be only 0.1 mm thick.

The aim is to develop a carrier in which signal attenuation in the fibre is less than 5 dB per km, that is after each kilometre, signal strength drops by less than a factor of 0.7. This is not sufficient to bridge the whole 16 km length and a repeater amplifier will be inserted halfway.

A start has already been made

with a single-fibre cable 6 km long with one repeater half way. The six-fibre cable with a structure reinforced with wire and protected in a plastics sheath will go in later and the full 16 km facility will be set up next year.

In Germany, Felton and Guillaume (Philips Group) has been assigned the task by the Bundespost of setting up a 4 km optical fibre cable in Berlin to operate at 34 Megabits/sec, or about a quarter the capacity of the Geldrop experimental link. Applicability and reliability will be extensively tested.

Philips sees the extension of the optical transmission systems with their slim and relatively lightweight cables immune to electromagnetic interference, as probably the best answer to the growing demand for large bandwidth services such as facsimile, conferencing, videophones, etc.

Essential to the development of the system is the light source. In this instance a tiny gallium arsenide laser which, in the laboratory, has been demonstrated to have an operational life of 20,000 hours. Developers at Philips believe it will be possible soon to achieve a life of 100,000 hours which is the minimum demanded of an optical communication system.

HYDRAULICS

Clutch and brake fluid

HIGH PERFORMANCE hydraulic fluid for disc and drum brakes, and for clutch systems, has been introduced by BP Oil, which claims it satisfies the high temperature demands of a fast disc-braked car as well as the long life requirement of the clutch mechanism in a hard-used urban delivery van.

Based on polyglycol ethers, the fluid incorporates corrosion and oxidation inhibitors, and it can be used with all conventional sealing and hose rubbers. Viscosity characteristics ensure that fluidity is retained when cold, together with ample "body" at high temperatures, enabling the fluid to transmit hydraulic forces in most environments.

More from BP Oil, Victoria Street, London SW1E 6JQ (01-831 2198).

oxidation inhibitors, and it can be used with all conventional sealing and hose rubbers. Viscosity characteristics ensure that fluidity is retained when cold, together with ample "body" at high temperatures, enabling the fluid to transmit hydraulic forces in most environments.

More from BP Oil, Victoria Street, London SW1E 6JQ (01-831 2198).

PROCESSING

Fast optical polishing

BY EMPLOYING a "free float" system a polishing machine now being marketed by Precision Lap, allows all sorts of component shapes and configurations to be accommodated on it at the same time. The operator has complete flexibility—he can polish hundreds of small items or three very large components and can increase pressure on the back surface of components being polished to correct errors of parallelism.

A 5 hp dc motor drives the tables at speeds from 0 to 30 rpm. There are three work holders each held by a Precisionlap, Doman Road, Yorktown Industrial Estate, Camberley, Surrey, GU15 3DF each yoke, which can be oscillated about a pivot point—this allows a wider proportion of the polishing area to be covered, and eliminates tracking.

Slurry is recirculated through a pump and filter. The polishing surface can be almost any soft material—such as felt, polyurethane or silk.

Whatever the polishing medium, it is bonded to a steel base plate, which has been conditioned to better than two light bands over six inches, and this plate is bolted to a cast iron support plate.

More from Precisionlap, Doman Road, Yorktown Industrial Estate, Camberley, Surrey, GU15 3DF (0276 27123).

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More from Precisionlap, Doman Road, Yorktown Industrial Estate, Camberley, Surrey, GU15 3DF (0276 27123).

COMPUTERS

Taking power where the problems are

WITH THE co-operation of Ferranti, a research team from The City University, London, will be demonstrating its brainwave in practical application of computer techniques at the international exhibition of microcomputers and minicomputers which opens in Geneva to-day.

The new development is the "Roving Slave Processor," or RSP, a small, portable computer which in its final form will be not much bigger than a transistor radio. The RSP, designed by Dr. John Brignell, working with his team in the Department of Electrical and Electronic Engineering at the University, will offer industry and such bodies as the National Health Service considerable advantages of cheapness and versatility. Already the team has had inquiries from industry and government.

RSP, which operates without conventional peripherals, is loaded with its program by being plugged into a larger computer. By this means all the preparatory computing, which requires extensive facilities, is carried out on the master computer. The on-line measurement, which normally demands the full use of the latter, can be carried out separately, wherever convenient, by the slave. One central master computer can thus service several slaves, which may be detached to operate at a remote site.

An interesting aspect of this technique is that the complex and expensive process of designing hardware instruments and interlinks over communications networks is replaced by the much more flexible one of connecting blocks of programming in a purely software exercise.

Four main areas of application are envisaged, including working with instruments that are tailor-made for specific roles, such as electro-encephalography. In EEG measurements, for example, there is a waveform which is a characteristic precursor to an epileptic fit. Unfortunately this waveform varies from individual to individual, but the roving slave processor techniques would enable a personalised instrument



Dr. Brignell's roving slave processor leaving The City University for the flight to Geneva.

to be created that would give warning in the case of one patient.

Another important area is in the testing of "pre-heated" instruments. The RSP can be taken out into the field to test several successive forms of an instrument, which, when pronounced satisfactory, is then ready for multiple production.

The third main area of application is for special instruments which are needed urgently but only for a short time, a common occurrence in fundamental research.

Fourthly, the RSP can be used to give certain important peripherals a roving commission. An example is the online transient recorder, which can be used to solve several difficult problems that occur in the field, such as the capture and recording of acoustic waveforms from microcracks in high-pressure gas vessels.

Dr. Brignell aims to produce a version small and light enough to be carried on his person by a patient undergoing continuous monitoring.

The City University has been collaborating with Ferranti in computing for 20 years. There has been a continuous exchange of personnel; for example, sand which students coming to the University, graduates going there and research fellow supported. In particular, all present research students have spent brief periods working in the Ferranti development team which produced F100L, Europe's only indigenous microprocessor and the basis of the roving slave processor.

The equipment as shown in the illustration weighs 27 kg. It is to be compressed into a unit which will be carried in the case on the shoulder strap of the student in the centre, when it will weigh about 5 kilos. The third stage, when the unit is turned into a personal monitor, will reduce the unit to a tiny package weighing about 1 kilo.

More from Dr. Brignell, the City University, St. John Street, London EC1V 4PB. 01-283 4399.

COMMUNICATIONS

Small tough radiophone

A RUGGED radiotelephone for hand-held use, the PRT20, has been launched by Redifon Telecommunications.

Measuring 190 x 57 x 29mm and weighing 435gm (just under 1 lb), the transceiver is built round a cast aluminium frame and is moisture-proof. Hybrid microcircuits are employed—the principal reason for the small size. Monolithic crystal filters, helical resonators and tempera-

ture-compensated crystals ensure stable frequency.

PRT20 is available in one, two and four-channel uhf/fm versions, with optional output of 1.25 or 5.0 watts.

A convenience in use is the twist-off battery compartment: rapid-charge nickel cadmium cells are used which can be brought to full capacity in 30 minutes. More from Broomfield Road, London, SW18 4JQ (01-874 7281).

BANKING

Spoken word summons data immediately

POTENTIALLY a major boon to one word, all the data relevant to a particular operation on a display screen forming part of the system.

At the same time, with the current emphasis on credit control, the equipment could form an important part of the banking operation since it could be made to retrieve immediately from memory all the habits of a particular client, who at that point in time was asking for a further—and possibly not allowable—extension of credit.

It is easy to increase the confidentiality of such a system by inserting passwords and since anyone attempting to use it who has not actually trained the recognition side of the equipment is unlikely to get a hit rate of much more than 50 per cent, it appears to offer a high degree of security, particularly in the "swapped up" form, used with headsets rather than a hand-held microphone.

Arbat is working on a four-user version for application in its chosen area of banking, but with obvious uses outside. The company's development engineers are also studying the application of a pad unit which will electronically recognise characters, also with the aim of simplifying and speeding the work of people involved in the many complex routines of the banks.

More from Arbat (U.K.), 160 Queen Victoria Street, London EC4V 4DA. 01-248 6499.

MACHINE TOOLS

Drills are redesigned

RIISING DEMAND for radial drilling equipment has led Quallers and Smith Bros. to recommence manufacture of radial drills.

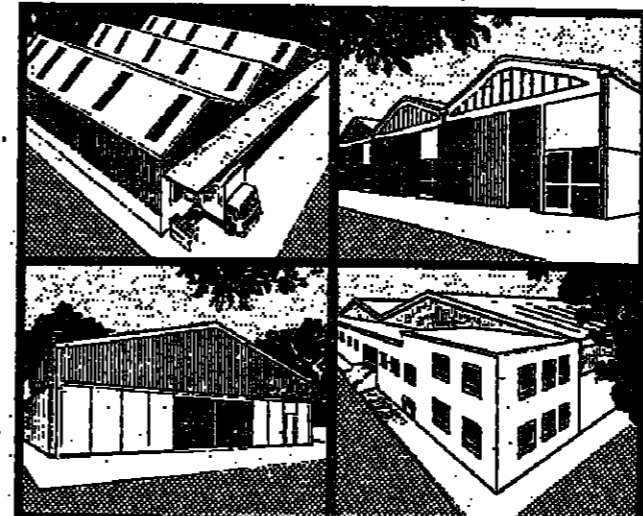
The company has re-designed two of its machines to provide increased capacity. Both have a two-inch capacity in steel, and a 1.5 inch dia. column. Single lever controlled raise and lower is autolocked at any point. Power arm elevation and spindle functions are also controlled by a single lever.

Powered by 4 or 34 hp motors, each machine provides 12 spindle speeds, from 60 to 1,750 rpm. Head travel is 39 1/2 or 27 1/2 inches.

Optional extras include box table, low voltage lighting unit, coolant equipment using the built-in coolant tank, and safety braking units.

Details from the maker at Summer Lane, Barnsley, South Yorkshire. (0226 87561).

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The Belcon service to industry offers the design, manufacture and erection of precast concrete, structural steel or composite frames in Single, Double and Three storey construction with a wide selection of external finishes. Brochures and details of the Belcon service from— Bell & Webster Ltd., Belcon House, Essex Road, Huddersfield, West. EN1 0DR. Telephone: Huddersfield 6714 (20 lines). Telex: 24442. Spencers Bridge, Works, Northampton. Telephone: 0504 52243. Telex: 37264.

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SPECIALIST IN ALL TYPES OF AIR AND GAS EQUIPMENT
Telephone: 0203 61871 (10 lines)

INSTRUMENTS

Determines humidity

IN INSTRUMENT for the rapid determination of humidity in air and other gases has been put on the market by Mitchell Instruments, 5, Covent Garden, Cambridge, CB1 2ES (0223 312427).

This portable unit can be operated from the mains or an internal battery and the operating range is covered in two spans from -80 to +10 deg. C dewpoint, which is equivalent to between 10 and 10,000 ppm. water in gas.

Sensor is a thin oxide film—essentially a capacitor sensitive to water vapour pressure and able to discriminate between very small changes in humidity. Already in military service, it is capable of long term industrial plant or laboratory test work. It is unharmed by condensed water or by most impurities likely to be encountered.

Applications are likely in routine monitoring of industrial processes, compressed and liquefied gas, air drying systems and glove boxes.

Ultraviolet level indicated

THOSE needing to measure ultra-violet radiation levels in NDY, work and in medical optical and biological research should find the J-560 radiometer of interest.

Made by Ultra-Violet Products of 4 Andover Road, Winchester Hants SO23 7BS (0962 68229) the instrument provides a direct digital reading in milliwatts square cm. and is automatically accurate to National Bureau of Standards.

Sensors for the unit are corrected for reading at specific wavelengths of 254, 297, and 365 nanometres. They are pre-calibrated and quickly interchangeable without affecting overall system accuracy.

Measurements can be made between one micro-watt/sq. cm. and 200 milliwatt/sq. cm. to an accuracy of 1 per cent of full scale. Over-ranging is indicated as well as low battery level—nickel cadmium battery used and a charger is provided. The instrument measures 210 x 158 x 825 mm. and weighs 0.6 kg.

Hardness tester

A PORTABLE instrument for applying all Rockwell hardness tests with loads from 15 to 150 kg., to crankshaft journals of various types and sizes has been introduced by Rockwell Hardness Testers, Sandy Lane, Stourport-on-Severn, Worcs. (02993 6728).

The test unit clamps directly to the crankshaft journal to within 13 mm of the crank cheek. Once the unit is clamped in place, major and minor test loads are applied, and the result read from a dial gauge.

MATERIALS

Gelatin for capsules

FOLLOWING successful trials with several pharmaceutical manufacturers, a new gelatin for making capsules has been put into full-scale production by Croda Gelatin, PO Box 5, Moss Bank, Widnes, Cheshire WA9 0RS (051424 5568).

It is stated to be particularly suitable for hard capsules. It makes them less brittle, offering advantages in production of finished capsule quality.

The new plant is part of a £10 million expansion programme of the company's gelatin manufacturing operations.

CONFERENCES

Profiting from waste

RECLAMATION AND re-use of plastics and rubber is the subject of a conference organised by the National Industrial Materials Recovery Association jointly with the Institute of Purchasing and Metals by pyrolysis by the Regent Centre Hotel, London, on June 14.

Information will be provided on the plastics and rubber wastes most frequently encountered, and their potential for recovery and re-use. An examination of trends will include reports on the progress being made by cryogenic grinding by a special Recovery Association, and on extraction of high grade fuel and metals by pyrolysis by the Regent Centre Hotel, London, on June 14.

Details from NIMRA, Yr House, Westminster Bridge Road, London SE1 7UT 01-5715.

Great changes make a great show greater!

At the International Mechanical Handling Exhibition everything's in a much bigger way. The spread is wider. The depth is greater. And much has been added.

The 1977 exhibition, at the National Exhibition Centre, Europe's most modern exhibition complex covers factory handling, trucks, construction machinery, bulk handling, storage, packaging, warehousing, waste handling, distribution, ports and terminals, plant maintenance, freight transport and containerisation.

***Movement Resources Centre**
A complete advisory and information service with the full participation of British government departments, prominent British financial institutions, safety bodies and all the major trade associations.

***Materials Handling Conference**
Daily sessions sponsored by Institute of Materials Handling and Institution of Production Engineers, and supported by the D.O.I.'s Committee for Materials Handling.

***Movement Forums**
Every morning the Federation of Association of Materials Handling Manufacturers are running sessions covering industrial trucks, mechanical engineers, storage, loading bays and lifting equipment.

***Computer Point**
Sophisticated equipment selector identifies source of plant and equipment to match your needs by specification, size, output, performance, and other criteria.

***Outside Demo Area and Proving Ground**
See plant and equipment in action to help you make up your mind before you buy.

Yes! The International Mechanical Handling Exhibition has never been like this before—there's so much going on and so much of value for your company. Come and see it all!

MOVEMENT

77

International Mechanical Handling Exhibition
16-21 May 1977 09.30-18.00
NATIONAL EXHIBITION CENTRE Birmingham

PLANT & MACHINERY SALES

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| TWO VARIABLE SPEED FOUR HIGH ROLLING MILLS Ex. 6.50" wide razor blade strip production | P.O.A. | 0902 42541/2/3 Telex 336414 |
| ROTARY SWAGING MACHINE by Farmer Norton, max. capacity 1" M.S. bar. | P.O.A. | 0902 42541/2/3 Telex 336414 |
| MODERN USED ROLLING MILLS, wire rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc. | P.O.A. | 0902 42541/2/3 Telex 336414 |
| 1974 FULLY AUTOMATED COLD SAW by Noble & Lond with batch control for cutting non-ferrous bar. Max. capacity 5" round and square. | P.O.A. | 0902 42541/2/3 Telex 336414 |
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| 1965 TRIPLE DRAFT GRAVITY WIRE DRAWING machine by Farmer Norton 27"-29"-31" diameter drawblocks. | P.O.A. | 0902 42541/2/3 Telex 336414 |
| STRIP FLATTEN AND CUT-TO-LENGTH LINE by A.R.M. Max capacity 750 mm x 3mm. | P.O.A. | 0902 42541/2/3 Telex 336414 |
| 1963 HYDRAULIC SCRAP Baling PRESS Capacity of main ram 85 tons. | P.O.A. | 0902 42541/2/3 Telex 336414 |
| THREE UNUSED 10 DIE SUPERFINE WIRE DRAWING MACHINES by Marshall Richards. | P.O.A. | 0902 42541/2/3 Telex 336414 |
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| 250 KW DORMAN DIESEL GENERATING SET, 415 volts, 3 phase, 50 cycles, 1500 r.p.m. Ex. ministry, skid-mounted, 401 hours on clock. | £8,000 | 0283 79033 Telex: 33610 |
| 250 KW PAXMAN DIESEL GENERATING SET, 415 volts, 3 phase, 50 cycles, 1000 r.p.m. Ex. ministry, skid-mounted. | £7,500 | 0283 79033 Telex: 33610 |
| 2.7 MEGAWATT MOBILE GENERATING SET, Rolls-Royce Proteus gas turbine engine voltage 11,000/6,600. Mounted on trailer. Total weight approx. 35 tons. | £65,000 | 0283 79033 Telex: 33610 |

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plants—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.

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The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

BASIC SKILLS

BY SUE CAMERON

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Time to examine your own literacy

THE LOW standard of literacy and numeracy displayed by so many of today's school leavers has become a favourite grouch among employers. They were at it again only last week. Representatives of the engineering, rubber and plastics industries went before a House of Commons committee to complain—for the umpteenth time—about the bad grammar, the poor spelling and the mathematical incompetence of their younger employees. This state of affairs is, of course, deplorable. But what about the proficiency of managers themselves in the basic skills of reading, writing and arithmetic?

The proliferation of books and courses designed to teach managers how to write reports and how to improve their reading speeds suggests that executive literacy may leave much to be desired. There are no firm statistics on the reading and writing abilities of U.K. managers but there is some evidence that there are plenty of theories, some of which have a decided ring of truth about them.

Their bosses' turgid prose

Some management teachers say that a high proportion of senior executives fail to cope adequately with their paper-work simply because they read so slowly. Others claim that many managers find it virtually impossible to compose an intelligible memo or report. They add that businessmen often serve only two out of ten for spelling and handwriting, yet few bother to learn how to type because they feel this is beneath them. Apparently their typewriters are regarded as low status machines, fit only for women.

Mr. Bob Garrett, a freelance management consultant, and many executives cannot write member of the executive committee of the Association of Teachers of Management, says that slow reading is a major problem for many executives, particularly for older people in senior positions. He has carried out tests on some of the managers who have attended his courses and he reckons that the average reading speed of executives in the 45 to 60 age bracket is only about 250 words per minute. In the U.S. the average reading speed of adults is estimated at 300 to 350 words per minute and even this is thought to be inadequate for people holding managerial positions.



Managerial spelling lesson from a long-suffering secretary; necessary chore or "exploitation by verbal entrepreneur"?

well educated executives will know how to do it. It seems that the only managers whose writing difficulties are publicly acknowledged are those who have highly technological backgrounds. Mr. Malcolm Campbell, of the Institute of Personnel Management, points out that an increasing number of technologists are now going into general management and it is accepted that some of them will have difficulty in communicating their ideas on paper.

Some managers are just as bad at letter writing, he continues. Yet this failing is often hidden because secretaries rewrite the letters that are dictated to them. When the final product is brought in to them for signing, woolly minded bosses often fail to notice the subtle improvements that have been made. They assume it is all their own work and many secretaries are unwilling to puncture male egos by pointing out the grammatical corrections.

Reason for bad letter writing

One personnel manager claims that literacy standards among managers might improve if secretaries took a firmer line over poor English and confused ideas. She adds that one reason for bad letter writing is that few managers are ever taught how to dictate a business letter—companies just assume that

among managers as among other sections of society. Mr. Campbell claims that the language is being "exploited by verbal entrepreneurs." He says that one way of putting an end to "phrase peddling" would be for managers to agree on the terminology they are going to use. Mr. Garrett, on the other hand, says that managers do not need a specialised, technical language of their own. He insists that good, plain English is adequate for their needs.

Written word is too slow

A completely different point of view is expressed by Dr. John Burgoyne, of the centre for the development of management teachers and trainers at Lancaster university. It probably does not matter if managers are only semi-literate, he says, because they operate chiefly through the spoken word anyway. He claims that in some ways the written word is too slow a medium for the modern business world.

Research at Lancaster suggests that managers rely on the written word only for the more mundane tasks they have to perform. Important messages and vital decisions require speed and therefore people use either face-to-face meetings or the telephone, Dr. Burgoyne says. The objection to this argument is that deals made over the phone usually have to be confirmed and recorded in writing. Managers who are, for example, trying to win a contract from their rivals also generally have to present their company's case in writing.

Although Dr. Burgoyne is prepared to take a lenient view of managers' reading and writing abilities, he takes a strong line over their numeracy—or rather their lack of it. He contends that many managers are incapable of doing simple algebra and complains that too many of them do not even understand their own balance sheets.

There are still more arts people going into management than there are scientists or financial experts," Dr. Burgoyne says. Whether they are numerate or not, a lot of them tend to think that as long as a chap knows how to deal with other chaps he'll become a competent manager.

Whether literacy or numeracy is more important for efficient management, the time may now have come for managers to take stock of their own competence in the three Rs, as well as examining the abilities of their recruits.

Variations on fat themes

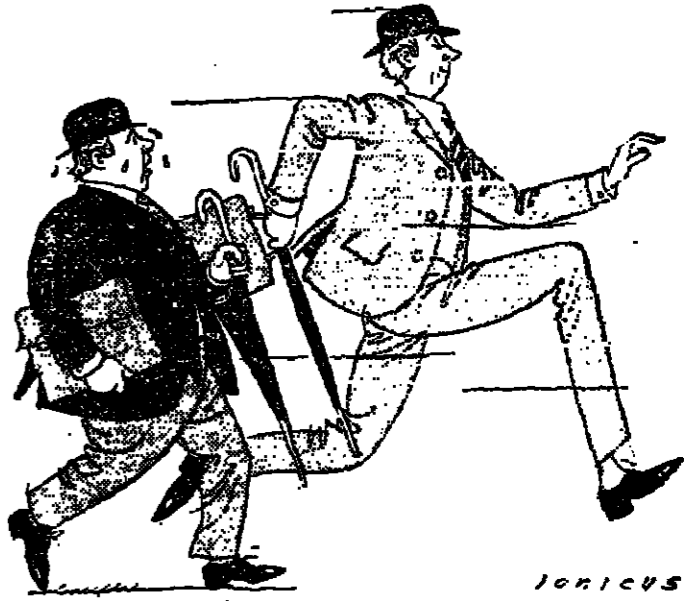
FEW THINGS are certain in this life. That which we fear, frequently fades into a forgotten, futile fancy. Again, when all the world seems springlike, a cold East wind of woe (often enclosed in brown envelopes marked OHMS) murders our merriment. Yet it is these unforeseen alterations and inversions that help to keep us alive and, if not happy, sufficiently optimistic to enjoy a state of cosy disgruntlement.

Now there is a demi-myth that fat people are never discontented. Certainly this is true of a certain type of individual who is, by nature, pleasantly rounded. Possibly Julius Caesar had this type in mind when he displayed his marked preference for being surrounded by fat men.

But things are very different today. In North America, for example, fat executives are said to have no chance in the rat-race against their gaunt, anxious, dyspeptic competitors who are believed to have more drive and energy and that makes a mockery of an old American proverb: "Everybody loves a fat man."

But the word fat has been largely supplanted by the ugly word obese which is a barbarous concoction from the Latin *ob* and the past-participle of *edere*: the result, on literal translation, should mean "having eaten." Regardless of the absurdity of the word, one has to accept that obesity is a condition marked by a morbid accumulation of fat in the subcutaneous and deeper tissues, something that is usually less obvious to the sufferer than to his friends and, particularly, to his enemies.

If the condition is not checked, physical penalties may be added to the mental trauma occasioned by the sniggers and jibes of colleagues. It is generally accepted that the truly



... fat executives have no chance...

obese individual runs a risk of developing numerous disorders including: one type of diabetes; ischaemic heart disease; varicose veins; piles; joint-troubles, notably in the spine, hips and knees; respiratory diseases; indigestion; gall-stones and many other problems, not the least being increased risks should surgery ever be required.

What are the causes of obesity? There are many. Emotional problems may decrease the appetite in some (lovers in particular) and increase it in others. Fat children are often unwanted children; and fat children frequently become fat adults. Very rarely certain glandular diseases are responsible. But perhaps the second commonest cause is over-eating, particularly in an irregular manner. Surely, though, the most common cause is sheer greed.

Now I can already hear indignant complaints, such as: "I've only eat half as much as old so-and-so, yet he is as thin as a lath!" And this is true. But I will be honest enough to admit

that I do not begin to understand the peculiarities of the human metabolism.

Take a friend of mine who told me a sad anecdote about a dietary disaster that befell him some years ago. Having been invited by his sister for drinks, he had a light snack in his digs, a mere trifle consisting of soup, steak and kidney pudding, gooseberry pie and some cheese. Imagine his horror when he arrived at his sister's to find that he was expected for a meal which turned out to be soup, steak and kidney pudding and gooseberry pie.

To most people the very thought of two huge meals in one hour would be nauseating. And, indeed, Harry was disgusted. "Fancy having exactly the same menu!" he grumbled. "No imagination! What's more, they didn't even offer me any cheese, and I'm very fond of I cheese!"

And that man, now middle-aged, is still as thin as an under-privileged skeleton. Life is not fair!

Tips for committee chairmen

Sir John Hunt, Secretary of the Cabinet, has compiled a list of 20 do's and don'ts for committee chairmen.

The list appears in the latest edition of "Management Services in Government," published by the Civil Service Department. Sir John starts off by saying that "homework is essential for a chairman, because he is the only person at a meeting who cannot read his brief or his papers as he goes along."

A chairman should also sort out his papers before the meeting begins. "A chairman hunting for his papers or whispering to the secretary is very off-

putting to the main speakers," Sir John says. If a complicated topic is to be discussed, it is worth telling everyone present how it is to be handled. For instance, each committee member might be asked to give a general view first, before tackling details.

If "things get sticky," Sir John says, "a chairman should remember that there are different ways of taking the heat out of an argument. A chairman could try introducing a new factor into a discussion, asking for the views of someone who is not already involved in the argument, or simply making a light-

hearted remark. Any of these alternatives is better than "appealing for moderation."

Summing up is often the most important of a chairman's jobs. Sir John concludes, and he should, always do his best to get it right first time. There is nothing worse than a summing up which leads to a further round of argument instead of closing the meeting. Finally, Sir John says that if people have worked hard during a long meeting the chairman should remember to thank them for their efforts before they go.

A FINANCIAL TIMES SURVEY THE CHEMICAL INDUSTRY

JUNE 20 1977

The Financial Times is preparing to publish a survey on the chemical industry in its edition of June 20 1977. Publication has been timed to coincide with the EUROCHEM exhibition and conference. Separate articles will be devoted to the costs of raw materials, prices control, the rate of investment in the industry, market trends and the specialised business of storage and distribution. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION The short-term prospects for the industry which is showing signs of returning confidence; hopes in Europe for a continuing increase in levels of demand.

RAW MATERIALS Continuing increases in oil prices have made the industry look at oil fractions other than naphtha as possible sources of raw material.

TRADE The British industry, with a successful export record, is building up its direct investments in Europe and the United States; the international framework within which it operates.

INVESTMENT The chemical industry has invested strongly in the United Kingdom in recent years and the availability of gas and oil from the North Sea offers opportunities for further growth.

PROCESS PLANT The ability of process plant manufacturers, forced by the recession to seek work abroad, to respond to any upturn in demand in the domestic market.

INORGANICS Developments in inorganic chemicals based on minerals, still an important part of the industry despite the domination of petrochemicals.

MARKETS A review of trends in: (i) plastics; (ii) fibres; (iii) pharmaceuticals and toiletries; (iv) dyestuffs and pigments; (v) soaps and detergents; (vi) fertilisers; (vii) agrochemicals; (viii) flavours and fragrances.

NEW PRODUCERS The big chemical manufacturers in Europe are being challenged by new producers in the Middle East and in other developing areas.

HEALTH Efforts by the industry to ensure a high standard of health precautions for its employees; the industry's training board.

SAFETY Public concern over the possible consequences of accidents in chemical manufacture has led to the creation of very stringent safety standards for production processes.

POLLUTION The British industry's efforts to ensure that its products are safe and will have no long-term effects on the environment.

STORAGE AND DISTRIBUTION A review of the services available and of the special facilities being provided for storage and distribution, now a highly specialised business.

The proposed publication date is June 20; copy date is June 10 1977. For further details of the synopsis and advertising rates contact Anthony Wreford 01-243 8000 extension 565. The Financial Times, Bracklen House, 10, Cannon Street, London EC4P 4BY. Telex 885033.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of all surveys in the Financial Times are subject to change at the discretion of the Editor.

Patent guide to trends in innovation

BUSINESSES searching for diversification projects, or wanting to see which general direction their competitors may be following in several years' time, should take a look at the Patent Office's review of patent applications during 1976, which has just been published.

The overall impression is that established innovation areas maintained their lead last year, but that several new trends are emerging. Innovators are being increasingly stimulated by the energy crisis; by North Sea oil exploration; by the growth of the credit card society; and by the widespread craving for new sound and vision reproduction techniques.

Out of a total of 39,797 new complete specifications accepted by the Patent Office in 1976 (1.8 per cent. less than in 1975), organic chemistry accounted for 3,236, machine parts for 2,590, and macromolecular compounds for 2,268. These three leading areas each ran at about the same level in 1975.

Concern over the pollution of the environment generated a number of inventions ranging from semi-conductor gas detectors to converters of noxious waste gases. The energy crisis stimulated inventors to come forward with a series of inventions for the use of solar energy and of geothermal sources. There was also a sustained output of specifications relating to the assembly and installation of off-shore platforms for North Sea oil.

The motor industry may have lost much of its enthusiasm for rotary engines, but there was continued activity in this area because of their potential for gas compression and pumps. Printing was also well represented—there were advances in dry offset lithography and ink-jet printing.

Further progress was achieved in arc control on vacuum switch contact assemblies, in super-conductive coils, in video-disc technology and other memory devices, as well as quadraphonic sound systems.

Patents, Designs and Trade Marks 1976. "House of Commons Paper 318, HMSO £1.00.

Premier Health Plan. New from PPP.

The benefits speak for themselves.

The table below shows the benefits available in any one year to each person covered by either Premier Health Plan 1 or Premier Health Plan 2. Note: Where weekly benefits rates are shown, daily rates (at one-seventh per day) will be paid for parts of a week.

| Benefit | Premier Health Plan 1 | Premier Health Plan 2 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Private accommodation room charges including in-patient nursing. A full refund, up to 26 weeks, will be paid for private room charges in independent hospitals and Nursing Homes, and NHS pay beds, up to the relevant maximum charge for London Teaching Hospitals (for Premier Health Plan 1) and Provincial Teaching Hospitals (for Premier Health Plan 2). | Up to £420 per week | Up to £322 per week |
| Should NHS pay bed charges be increased during your subscription year your benefits will automatically be increased to the new level. | | |
| Surgicals and Anaesthetist's fees for each operation. | | |
| Major operation. | Up to £250 | Up to £200 |
| Intermediate operation. | Up to £125 | Up to £100 |
| Minor operation. | Up to £75 | Up to £50 |
| Medical advisors, when major operations involve specialised techniques and surgical teamwork, such as open-heart surgery. | Up to £150 | Up to £120 |
| Physician's fees. Benefit is payable for up to 26 weeks. | Up to £70 per week | Up to £58 per week |
| Additional in-patient benefits. A full refund of fees is payable up to the maximum limit for each subscription year for: 1. Theatre fees, drugs and dressings; 2. Surgical appliances used as an integral part of an operation; 3. X-rays; 4. Pathology; 5. Physiotherapy; 6. Electrocardiogram; 7. ECG treatment; 8. Radiotherapy and Chemotherapy as in-patient or out-patient. | Up to £500 | Up to £400 |
| Nursing at home. The full-time services of a State Registered or State Enrolled nurse for nursing a bed patient at home for up to 26 weeks. | Full refund | Full refund |
| Out-patient benefits. 1. In-patient benefits will be paid for surgical operations, radiotherapy and chemotherapy provided on an out-patient basis. 2. Benefits are payable up to the maximum limit for each subscription year for: 1. Consultation; 2. X-rays; 3. Physiotherapy and convalescence. | Up to £100 | Up to £80 |
| Special grants. If in-patient treatment is received in a public or voluntary hospital under the National Health Service, PPP will make a grant towards related expenses such as a recuperative holiday or additional home help. | Special grant payable | Special grant payable |

"The benefits are available to each member of the family in a family environment."

"There's no limit on any one item within the total sum."

"The 26 weeks for nursing at home is in addition to the 26 weeks quoted for room benefits and physician's fees."

"That can't be bad!"

"Per week for up to 26 weeks—that's a lot of cover when you work it out."

"Built in inflation protection—that's got to be attractive these days."

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Some example subscription rates

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Family covered by Premier Health Plan 1. Father aged 37 plus wife and 3 children under 20. Total annual subscription paid by direct debit: £224.50. Less than 15 pence per person per day. | Single person covered by Premier Health Plan 2. Aged 27. Annual subscription paid by direct debit: £76.50. Less than 22 pence per day. | For some other similar schemes you could pay a great deal more than the annual rate for Premier Health Plan. What's more, company group subscribers can qualify for discounts of up to 35% off our basic rates, and subscribers paid by employers are allowable for tax purposes. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

schemes, individual enrolments or, as an existing subscriber, would like to know how to transfer to Premier Health Plan, simply complete the coupon and tick the appropriate box.

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Please send me details of PPP company group schemes (individual or family enrolment) or transfer to Premier Health Plan (my PPP Registration number is

Name (in under 50 characters) _____

Company (if applicable) _____

Address _____

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MONDAY, MAY 16, 1977

French steel's economic and political stresses

By DAVID CURRY in Paris

Drax is not the issue

THE GOVERNMENT is in danger of making a very serious mistake over the future of the turbine generator industry.

Mr. Callaghan is evidently impatient for action, but his statement at the end of last week that an order for the Drax B power station would go ahead with the minimum of delay was unhelpful in the extreme.

The proposed order for Drax B is quite irrelevant to the question of restructuring the industry. The CEBG has no need for it.

Preparations for Geneva

ISRAEL and the Arab states are gradually preparing their positions for the holding of a peace conference in Geneva by the end of the year.

Mr. Ismail Fahmi, the Foreign Minister, would meet his Soviet counterpart, Mr. Andrei Gromyko, in Europe next month to discuss an improvement in their relations.

Balance Nevertheless, the possibility of a rapprochement between Cairo and Moscow is encouraging. An improvement in relations does not imply that the Soviet Union is making gains at the expense of the United States.

It is a view often held in the U.K. that whereas British industry seems to lurch from one well-publicised crisis to another, French industry, thanks to a process of institutionalisation...

This belief will have to be revised as the list of French casualties of the recession grows longer without any evidence that French economic management has a more effective answer than anyone else's.

Paper and board, fertilisers, aerospace, shipbuilding, maritime transport, and textiles have all been promised particular Government attention. But their problems have been eclipsed in social and political importance by the dire financial crisis afflicting the French steel industry.

Steel, which has remained entirely in private hands, is a very political problem. While steel companies do not figure among the nine big concerns earmarked for nationalisation within three months of any Socialist-Communist general election victory next March, the common programme of the Left envisages the acquisition of a State holding in steel.

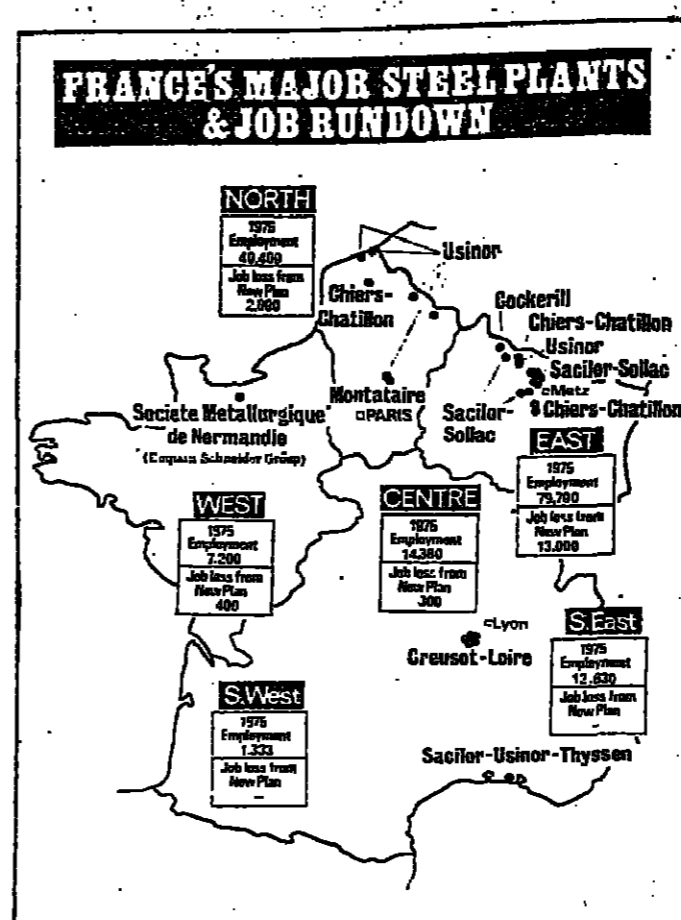
Even among the Government coalition partners the Gaullist RPR is alarmed at the consequences of pre-electoral redundancies in fact limited to around 4,000 of which more than half will be immigrant workers.

Men and Matters

Fair to be Rolls less? Despite the extravagant nature of the product, I imagine that any word association test starting "motor car" would be met with the response "Rolls-Royce" in a large number of cases.

Rolls says that at a meeting with its distributors, it was agreed that Motorfair was not "our type of function," though the company's products have been seen at regional shows in the past.

Erosion Israel is keenly aware that the Arabs can bring great pressure to bear on the U.S. This is symbolised most by the visit later this month to Washington of Saudi Arabia's Crown Prince Fahd, who has perhaps the greatest influence of all.



THE GAME-PLAN FOR FRENCH STEEL (billions of francs) Table with columns for years 1976-1980 and rows for Investments, Debt, Financial charges, etc.

companies reflecting the extreme difficulty of persuading the Government to tolerate redundancies. At their lowest, orders sank to little more than a half of 1974 levels in France, while home and export prices, according to the steel federation, fell to 80 per cent of the level of the final quarter of 1974 and are still little over the 1974 final-quarter level in spite of an increase of a third in costs.

follows the financial, social and industrial undertakings laid down: the main groups controlling the steel industry will have to deposit part of their shares with a Government agency as guarantee; and, eventually, a profit-sharing scheme must be negotiated with workers.

Implementation of the whole scheme depends on the industry's reaching agreement with the unions on early retirement, redeployment of workers, general compensation and redundancies, while the industry must also help small companies set up in the areas hit by redundancy.

The Government itself has extended the areas qualifying for maximum regional aid, has promised a special effort to introduce new industry, and, in particular, has said that expansion of the motor industry will be directed towards Lorraine (in the case of Renault and Peugeot-Citroën) and the Nord (for Simca-Chrysler).

Three-quarters of the job loss will come through retirement of men aged 56 years and eight months or over; voluntary redundancy and some job reallocation. The financial conditions are still being negotiated but men made redundant will almost certainly qualify for 90 per cent of salary in the first year under the law governing redundancy for economic reasons.

The latest plan is intended to complete the modernisation of the industry without raising capacity. Aware of the impact on the electoral climate of the loss of jobs which will fall almost entirely in Lorraine and the Nord, but refusing to dodge the need to shed labour, the Prime Minister has attached conditions to the State aid to accompany the modernisation.

Pacific markets in mind? It's NBNZ time

Whatever kind of business you are thinking of doing in the Pacific area you have to get used to a difference in time. One that means it can be tomorrow there when it is still today here.

The National Bank of New Zealand. Our experience goes back more than 100 years, and we are members of the Lloyds Bank Group. We have branches throughout New Zealand, offices in Tokyo, Singapore, and Manila and our main London office is in Moorgate.

Butler's back

In 1970, Plessey ventured into the U.S. by acquiring a rapidly growing electronics company, with the unusual name of Alloys Unlimited.

Butler's back In 1970, Plessey ventured into the U.S. by acquiring a rapidly growing electronics company, with the unusual name of Alloys Unlimited.

Poll jokes Israel's election campaign has been characterised not only by a profusion of parties (no less than 22, including a "women's list" and a one-man party set up by a financier whose extradition is being sought by the French authorities) but also by the development of a variety of gimmicks. Probably the most bizarre is a telephone joke service.

Observer

South Korea

Apart from some anxiety about relations with the new U.S. Administration and the coming withdrawal of American ground forces, South Korea has much to encourage it. The economy continues to flourish, led by a thriving export trade, and prospects in that field are bright, given maintenance of reasonable access to world markets.

Standing on its own feet

By Douglas Ramsey

SOUTH KOREA'S bubble has not burst. In 1976 the Korean economy enjoyed an export boom: it still does. American troops were in the Republic: they still are. Korean borrowers could pay less for their money overseas than ever before: they still can. In short, Seoul can still count on the 1976 economic success without unduly worrying about the new American administration in Washington.

That is not to say that fundamental changes are not taking place in South Korea, because they are. President Carter has made it clear that he plans to withdraw American ground troops from the peninsula over a five-year period. Seoul has been given repeated guarantees of continued American air presence after that, but President Park Chung Hee must now cope with the fact that American lives will no longer be directly at stake in the event of an attack from North Korea. The prospect is still abhorrent to Mr. Park and his advisors, but few experts

think the protracted withdrawal of perhaps 32,000 men will occasion any strategic imbalance between north and south.

Besides, Mr. Park had already laid the groundwork, before Jimmy Carter's election, for a more self-reliant defence capability. Seoul no longer gets military grant assistance from the U.S. and is moving rapidly to shore up its own defence industry by making its own defence industry. "Everything but aeroplanes and nuclear bombs," the defence industries are slow of the ground, but South Korea's steel and machinery industry will speed development once the final defence blueprint is inked in later this year. And if present forecasts hold true, all this will be done without greatly increasing the present 6.3 per cent of GNP which goes on defence.

Larger

Since GNP is supposed to rise by 10 per cent to over \$30bn. this year, and by 9 per cent in each of the following four years, it means similarly rising defence expenditures, which Seoul feels cannot be helped. Moreover, they will probably grow to a larger share of the Government's budget than the 35 per cent in 1977, leaving less room for some budget items which are in bad need of expansion, notably health and social welfare. But given President Park's ability to turn in a budget surplus in 1978, after three longer be directly at stake in the event of an attack from North Korea. The prospect is still abhorrent to Mr. Park and his advisors, but few experts

So if the economy grows as predicted, Seoul should have no trouble financing its defence (though arms buyers are already out searching for credit on some large weapons purchases due in 1978, possibly from European suppliers). Assuming, moreover, that Korea's strength at the end of the American troop pullout is substantially greater than North Korea's, it is doubtful that even Mr. Kim Il Sung in the north would be foolish enough to attempt a war. Washington appears convinced of this, and may attempt to "guarantee" the peace by a limited amount of diplomatic banter with Pyongyang. Seoul is positively disgusted at the prospect, but even its objections could be overridden if diplomacy gets Pyongyang back to the conference table (suspended since 1973) in the hopes of writing a mutual non-aggression pact, proposed by President Park last January.

The earlier trauma in Seoul about President Carter's thoughts on ground troops has died down, but not so the underlying antagonism over the American leader's vocal defence of human rights. Seoul and Washington are still at odds over Mr. Park's treatment of political opponents inside South Korea, which the Carter Administration clearly views as a breach of human rights. But neither side has moved to a confrontation yet, leading some observers to deduce that there will not be one.

The U.S. Embassy has perhaps stepped up its contacts with opposition figures, primarily among intellectuals, but it still uses "quiet

diplomacy with the Park regime (so quiet, indeed, that some critics have called it "mute"). Mr. Park, for his part, has neither let up nor clamped down on his opponents since Mr. Carter's inauguration; or to put it more accurately, he has done both. The reduction of some prison sentences, including that of former presidential contender Kim Dae Jung, was followed by a crackdown on supporters of a new human rights declaration to commemorate the Myongdong declaration, which landed Mr. Kim and others in jail last year. "It blows hot and cold," says one student of political repression, and so far there has been no extreme swing in either direction. So by and large Mr. Park and Mr. Carter, without saying so, seem to have reached a sort of *modus vivendi*, and the Administration's refusal to let Congress tie further military appropriations to some gesture by Seoul on human rights has left officials in Seoul with an easier feeling about Mr. Carter than they had in January.

Persists

The status quo in Korean-American relations is better than many were expecting up 47 per cent, on a year ago after the rash of disclosures about Korean CIA activities in Washington and the early in 1976), and whereas \$10bn. Carter statements on troops may still not be enough to cover and human rights. Friction all South Korea's imports, the persists, but it may be that the worst is over, and the sign of relief is most audible among with the Middle East. There foreign bankers who have been in cautious since January about balance of payments account, lending to South Korea. Caution is still there, but if enough in the way of technical assistance commissions, earn-

ing arranged by some German banks is any clue, South Korea will not have much trouble in the rest of 1977, borrowing an estimated \$1.8bn. abroad to help finance its ambitious investment plans, which calls for gross investment of about \$7.2bn. this year. Now it seems foreign banks will be ready to raise their lending ceilings for Korea (unless some about-face occurs), and the Economic Planning Board is confident that it can get more than half its 1977 borrowings on medium- or long-term from official lenders.

If doubts over Korea's security had continued to make bankers jumpy, as they were in January and February, it would have tarnished Seoul's credit rating, which emerged from 1976 stronger than ever before. Similarly, had Washington gone for a showdown on human rights, and resorted to some sort of economic arm-twisting, the momentum carried over in the Korean economy would have faltered. Indeed, the bubble might have burst.

The evidence of the first quarter of 1977 points to a continued export boom, with sales after the rash of disclosures about Korean CIA activities in Washington and the early in 1976), and whereas \$10bn. Carter statements on troops may still not be enough to cover and human rights. Friction all South Korea's imports, the persists, but it may be that the worst is over, and the sign of relief is most audible among with the Middle East. There foreign bankers who have been in cautious since January about balance of payments account, lending to South Korea. Caution is still there, but if enough in the way of technical assistance commissions, earn-

ings repatriated from the Middle East and actual exports to offset the 1976 oil bill of \$1.5bn. But there is a real chance (which Seoul does not boast about for political reasons) that the trade account will be in balance, too, as Korean exporters rush to supply goods for the estimated \$2.5bn. worth of Middle East construction contracts awarded to Korean companies in 1976. Contracts in the first quarter of 1977 kept up \$880m., and so far the second quarter looks even better: so Korea's oil bill no longer looks the problem that it still does for most developing (and many developed) countries.

Lobby

South Korea still depends on America and Japan to take most of its goods, and as a result there are plenty of worries about protectionism. Officials have been out of the country almost incessantly to lobby for free trade, with some success. But Korea still thinks it has a raw deal in the GATT Multifibre Agreement, and the U.S. has now served up an ultimatum that Korean footwear exporters conclude an orderly marketing agreement or face exclusion via unilateral controls. Meanwhile, Seoul is studying whether to liberalise its own imports under international pressure, but has reached no decision yet.

Seoul is particularly wary of Japanese intentions in the trade field these days, not because Japan wants to take fewer Korean goods but because Tokyo seems too ready

to agree orderly arrangements in overseas markets which, Seoul fears, will "freeze" not just the level but the composition by origin of the imports. Since Korean exporters tend to compete directly with the Japanese abroad, in electronics for instance, such arrangements are liable to "freeze" Korea's share of an import market before it actually has the time to get a fair (that is, big) share. This sort of apprehension is now common among officials and traders, and is not helped by continuing feuds over the disputed Tokdo Island and the Japanese Parliament's refusal to ratify a 1974 agreement for joint oil exploration on the continental shelf between the two countries. (Seoul has now threatened to go ahead and explore on its own if Japan's Diet does not ratify by the end of May.)

Protectionism is only one, albeit major, constraint on how fast South Korea grows in the future. Certainly Seoul has given up the idea of trying to mimic Japan's decade of 20 per cent-plus growth a year in the 1960s and early 1970s, however tempted Korea might be to wish it were so. But Japan's foreign trade grew by leaps and bounds because Japan managed to develop new consumer markets in a world of relatively free trade and subsidising import barriers. South Korea in the 1970s and 1980s must contend with the concept of "free but fair trade" as Europeans put it, which really means balancing its trade books with countries where imports cause economic hardship. In that atmosphere, already done with Japan's textile industry.

BASIC STATISTICS

| | |
|-------------------|------------------|
| Area | 38,022 sq. miles |
| Population (1975) | 34.66m. |
| GNP (1975) | 9,080bn. won |
| Per capita | 261,982 won |
| Trade (1975) | |
| Imports | 3,521bn. won |
| Exports | 2,459bn. won |
| Imports from U.K. | £32.6m. |
| Exports to U.K. | £74.5m. |
| Trade (1976) | |
| Imports from U.K. | £63m. |
| Exports to U.K. | £136m. |
| Currency: Won | 1=832 won |

Nor will South Korea's exports be made any easier with time. Per capita income is still low (at \$698 last year) and the population is growing at 1.7 per cent a year. In the next five years the workforce will probably grow by about 3 per cent a year to cater to the Korean war baby boom, so the country will have its hands full just creating new jobs. Yet job creation (that is, pushing labour-intensive industries) may prove detrimental to Korea's export targets, which call for rapid advance into new-technology added content than Korea exports today. Coalescing the two goals will be made more difficult as wages increase and less developed countries start banging on South Korea's industrial back door—as South Korea has already done with Japan's textile industry.

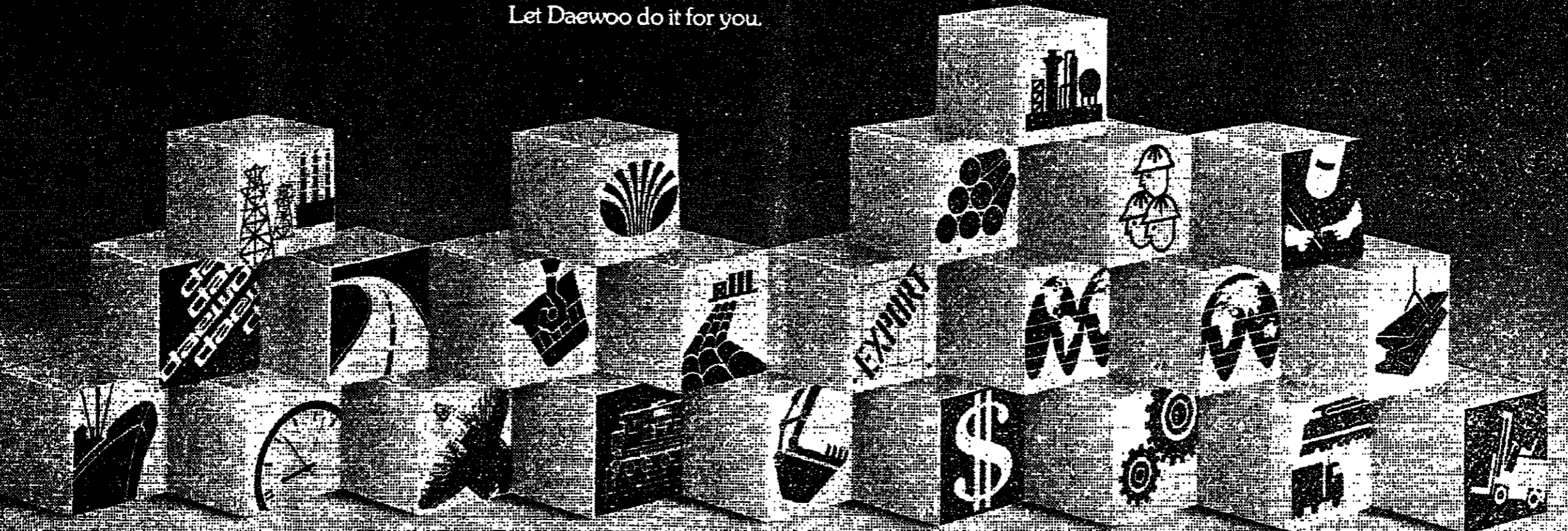
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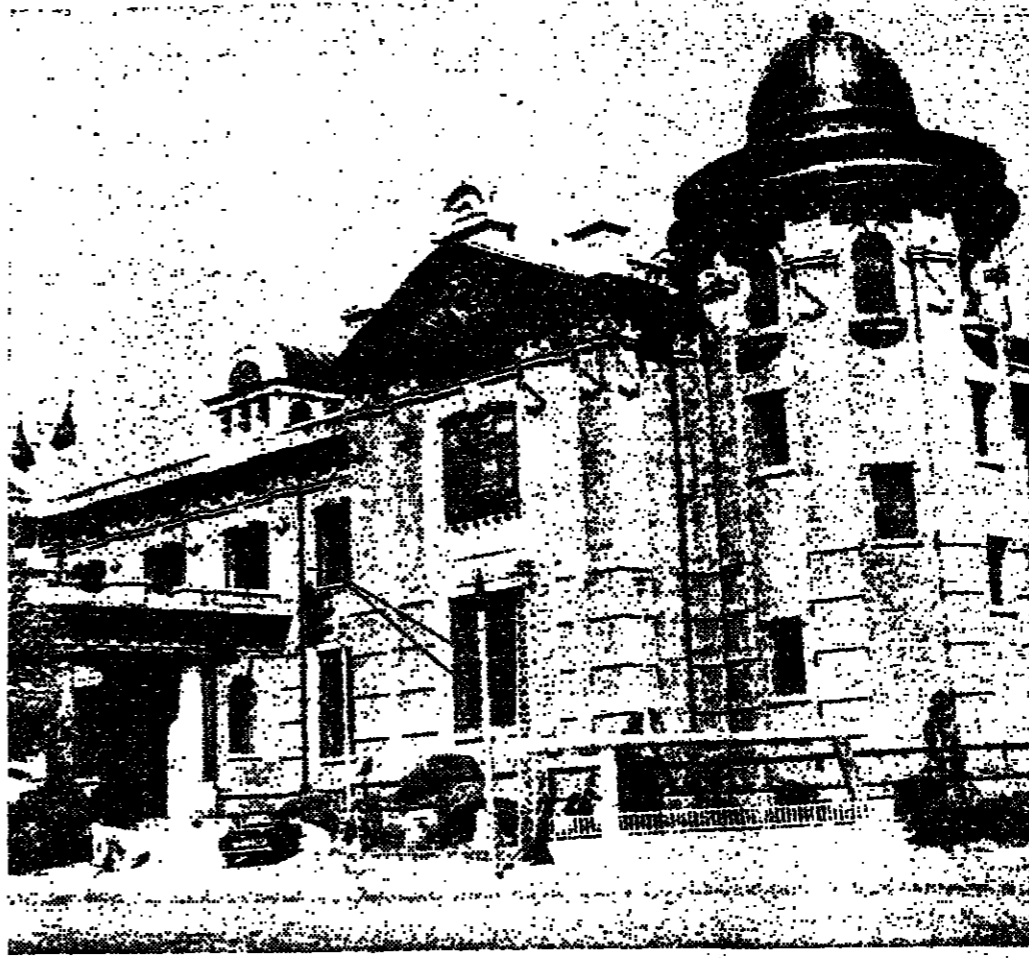
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SOUTH KOREA II

Banks expand rapidly at home and abroad



The Bank of Korea in Seoul.

A continuous drive is being made by all banks to induce more deposits, which at the end of January last had grown by 37 per cent, compared with the previous January. Deposits outstanding at all deposit banks — excluding the Korea Development Bank and the Export-Import Bank — totalled Won 3,780bn. (£1,53bn.).

A total of Won 16,000bn. (£20bn.), which represents 92 per cent of the investment needed under the fourth five-year economic plan (1978-81) is planned to come from domestic savings. South Korea will count on foreign loans and equity investors for the remaining 7.6 per cent.

Complicated

South Korea's interest rate structure is one of the most complicated in the world, an foreign bank branches are required to follow the same rates as the Korean banks.

Basically, the rate on time deposits maturing in more than a year as fixed by the Monetary Board is 16.2 per cent a year for lending, the general rate 17 per cent, with 19 per cent for overdrafts.

In a move to reduce the impact of high interest rates on industry, a prime rate system was adopted last year under which bank clients are offered rates one percentage point lower than normal. In addition, concessional rates are applied to various industries. Export industries in general are entitled to short-term loans at 8 per cent, to meet domestic fund needs and foreign exchange loans charged with 2.6 per cent spread over the going Eurodollar rate to finance imports of raw materials needed for export manufacturing.

Authority over the bank community in Korea lies principally with the Bank of Korea, the central bank. Its primary function is credit control, means of reserve requirements, bank rate and open-market operations. It is, however, virtually subordinate to the Ministry of Finance, as is the case in Japan. The Finance Minister chairs meetings of the Monetary Board, set up under the Bank of Korea Act as the supreme policy-making organ for the Korean banking system.

Samuel Kim
Seoul Correspondent

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RAPID EXPANSION and growing accommodation for foreign banks characterise South Korean banking, which is playing a vital role in the country's industrial development plans.

Growth of Korea's banking institutions has taken place both at home and abroad. In the past year four new banks were created, while existing banks increased their capital base.

The new institutions are (1) the Export-Import Bank of Korea; (2) Korea Associated Finance, a merchant bank incorporated in Hong Kong; (3) Korea Merchant Banking Corporation (KMBC), a 50-50 joint venture between Lazard Brothers of the U.K. and a group of Korean industrial companies; and (4) the Korea-Kuwait Banking Corporation, a joint-venture merchant bank between the Kuwait Financial Centre and Korea's Hyundai Group.

Exports

The Export-Import Bank, inaugurated last July with an initial capital of 55.5bn. won (£86m.) put up jointly by two State-owned banks, the Bank of Korea and the Korea Exchange Bank, aims mainly at financing medium- and long-term credit exports.

Most of its loan funds have so far been used to finance the export of ships built in Korean shipyards, mainly for European owners. In the future, equipment such as railway rolling stock and various kinds of plant are expected to require increased export financing. The Government recently approved the bank's plan to increase its total loan fund available this year to 260bn. won (£313m.) in order to meet rising demand. This represents 110bn. won more than originally allocated for this year.

The bank also finances imports of such key raw materials as scrap iron, copper, timber and rubber.

In addition to the three merchant banks created so far, at least two more are planned to be set up overseas this year, including one opening in New York by August and the other to be established in Brussels jointly by the Korea Exchange Bank (KEB) and La Banque de Bruxelles Lambert. KEB is also

known to be planning another merchant bank in London. It has already created a merchant banking department in its London branch apparently to pave the way for a separate venture later.

On the other hand, at least two more foreign banks are scheduled to open branches in Seoul, bringing the number of foreign banks operating in the capital to 13. Lloyds Bank International of the U.K. and the Amex Bank of the U.S. were recently granted business licences by the Ministry of Finance.

Two or three other foreign banks, including the Continental Bank of Illinois, are reporting considering branch operations in Seoul too.

Foreign

The first foreign banks to come in were Chase Manhattan of the U.S. in July, 1967, and the Chartered Bank of the U.K. seven months later. The other nine operating in Seoul with Bank of Korea, the Export-Import Bank one branch each (no more is permitted) are three American Bank, the Citizens National (Citibank, Bank of America, Bank of the National Agricultural Chicago), four Japanese (Bank of Tokyo, Mitsubishi Bank, Dai-Itchi Bank, and two French Co-operatives (Banque Nationale de Paris and Banque de Indosuez).

On the domestic side the and long-term loans to industry, mainstay of commercial banking is the five city banks with preferential interest rates. Out national networks which all of a total 4,530bn. won underwent expansion last year (£5,460bn.) in outstanding loans through merger or increase in by all banks as of January last, paid-up capital. Issued capital the special-purpose banks of the Choheung Bank for in- accounted for 45 per cent. The stance, has been raised from Korea Development Bank, which 15bn. won to 35bn. won (£30m.), has expanded very rapidly as The largest commercial bank is the major bank specialising in the Bank of Seoul and Trust financing long-term development Company, which came into loans, was responsible for 36 per being last August through the cent. of loans extended by all merger of the Bank of Seoul special banks at that date, and the Korea Trust Bank. Its The Korea Exchange Bank paid-up capital is 28.1bn. won was set up in 1967 to deal with (£24m.). The three other city all foreign exchange services banks are the Hail Bank, the including the opening of letters Korea First Bank and the of credit, although the five city Commercial Bank of Korea. banks also handle them now.

The five banks, partly owned by the State to the extent of between 25 and 33 per cent, represent more than a half of the country's banking market in terms of deposits. The Government, which exercises virtually full control through its dominant equity holdings, is pushing a plan to double their authorised capital to an average level of 50bn. won (about £70.2m.) each within a year.

Besides the nationwide commercial banks, there are 10 privately owned provincial banks, relatively new and limited largely to their respective areas in business jurisdiction. At the end of January last, these local banks held 11 per cent of the domestic deposit market.

An unusual feature of the Korean banking system is the existence of special banks wholly owned by the State. Created to meet special needs in major development areas, they include the Korea Development Bank, the Korea Exchange Bank, the Export-Import Bank one branch each (no more is permitted) are three American Bank, the Citizens National (Citibank, Bank of America, Bank of the National Agricultural Chicago), four Japanese (Bank of Tokyo, Mitsubishi Bank, Dai-Itchi Bank, and two French Co-operatives (Banque Nationale de Paris and Banque de Indosuez).

These banks are responsible chiefly for providing medium- and long-term loans to industry, agriculture and fisheries at preferential interest rates. Out national networks which all of a total 4,530bn. won underwent expansion last year (£5,460bn.) in outstanding loans through merger or increase in by all banks as of January last, paid-up capital. Issued capital the special-purpose banks of the Choheung Bank for in- accounted for 45 per cent. The stance, has been raised from Korea Development Bank, which 15bn. won to 35bn. won (£30m.), has expanded very rapidly as The largest commercial bank is the major bank specialising in the Bank of Seoul and Trust financing long-term development Company, which came into loans, was responsible for 36 per being last August through the cent. of loans extended by all merger of the Bank of Seoul special banks at that date, and the Korea Trust Bank. Its The Korea Exchange Bank paid-up capital is 28.1bn. won was set up in 1967 to deal with (£24m.). The three other city all foreign exchange services banks are the Hail Bank, the including the opening of letters Korea First Bank and the of credit, although the five city Commercial Bank of Korea. banks also handle them now.

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Lloyds Bank Group in Seoul.

Lloyds Bank International, the international bank in the Lloyds Bank Group, are pleased to announce that the opening of their branch in Seoul will take place during June 1977.

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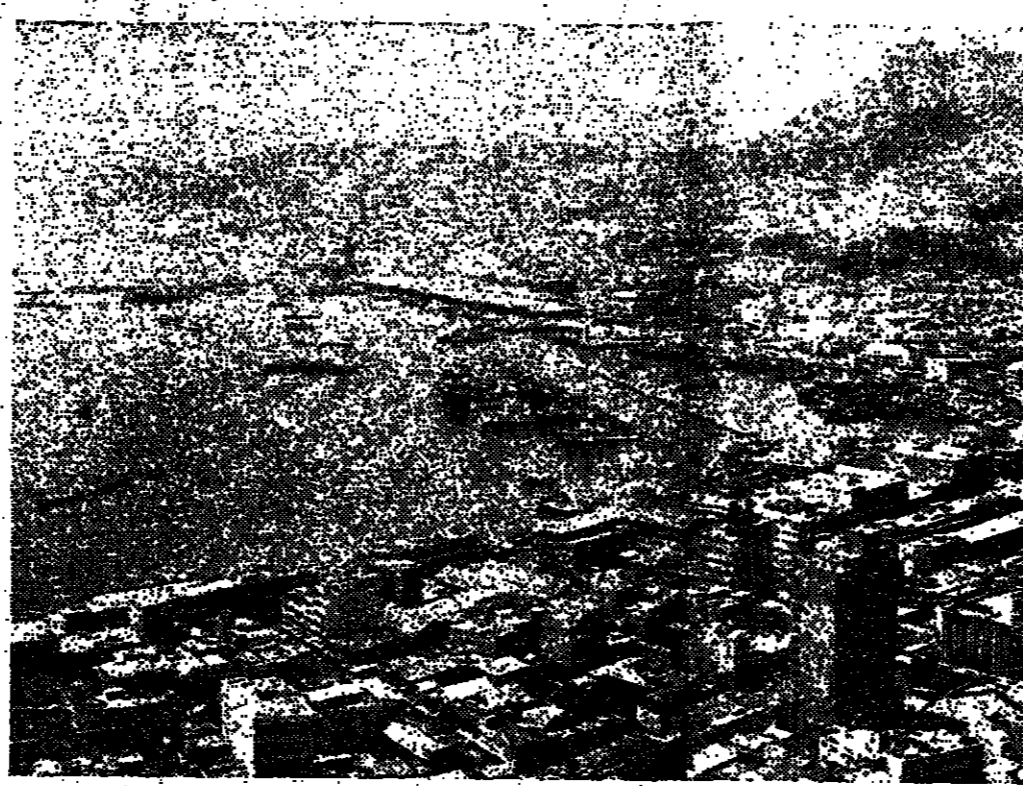
SOUTH KOREA III

Economy begins to settle down

IT IS the paradox of South Korea that it is a near-industrial economy but cannot afford to talk like one.

What is more, the country still depends on official flows of medium- and long-term money, even though in the past six months Korean borrowers have got seven years as an accepted commercial maturity on the Euro market.

Reserves Put simply, if Seoul talks too much about its \$3.2bn. foreign exchange reserves at end-March, some official lenders may want to divert funds to other developing countries.



The port of Pusan.

have been enough fears in early 1977 about protectionism in overseas markets to justify a slackening of export production.

(About 30 per cent. of the 1974 deficit was covered by foreign borrowings before Seoul decided to switch instead, in 1975, to letting the Bank of Korea print cash to cover the shortfall.)

the manufacturing sector (still a third of Japan's). In short, the Korean economy is ticking over but will not be influenced greatly one way or the other by domestic demand and supply management policies.

Obviously Seoul knows this. Almost every projection, public or private, about growth in Korea's gross national product is first geared to anticipated exports and only secondarily to home demand.

Estimate

Korea is counting on average annual growth of exports over the next five years to be about 21 per cent. (28.6 per cent. in the case of heavy manufactures) in order to sustain GNP growth at around 10 per cent.

Seoul's estimate for exports in 1977 is not overly cautious, and could yet move too high. Much depends on how industrial nations react to increasing levels of Korean imports.

Table with 6 columns: BALANCE OF PAYMENTS FORECAST 1976-80, \$m., 1976*, 1977, 1978, 1979, 1980. Rows include Trade balance, Exports, Imports, Invisibles balance, Net transfers, Current account balance.

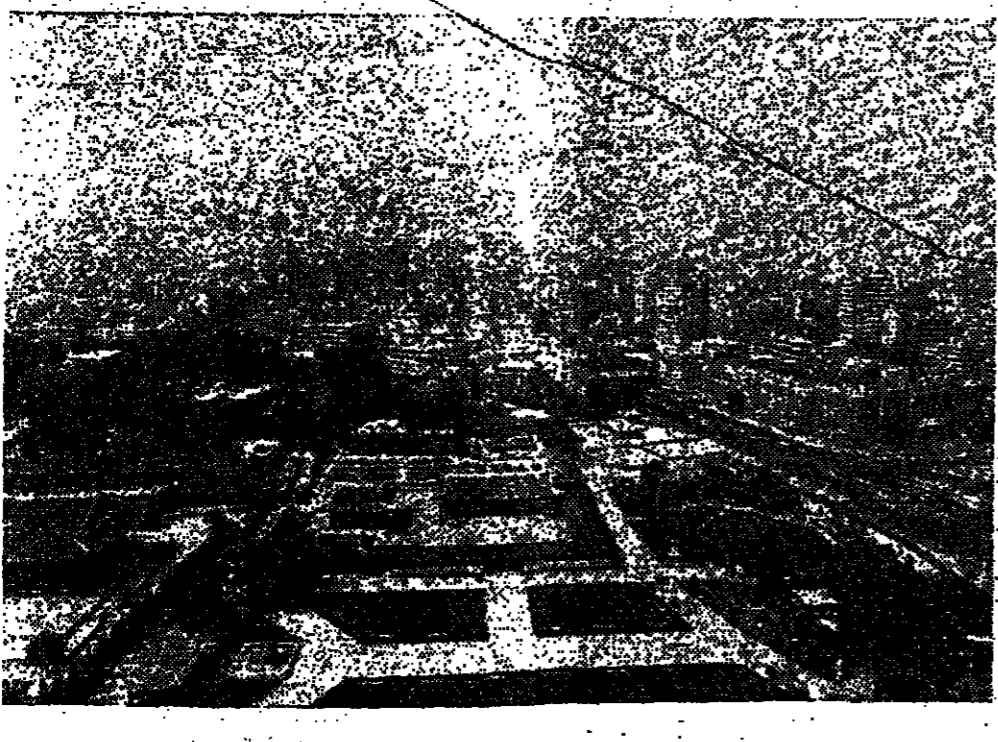
ports are being affected by dumping from Japanese and Indian competitors (even though Korea's exports of steel were up 40 per cent. in the first quarter).

Forecast

The question arises: who is to finance Korea's ambitious investment? The EPB is fond of saying that in 11 all Korea's needs can be met by domestic savings.

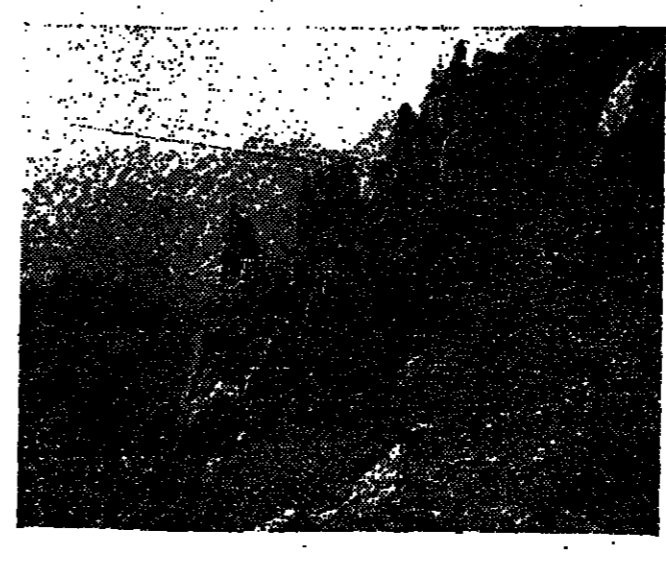
Tourism soars in the Land of the Morning Calm

KOREA'S popularity as a tourist destination is taking a quantum leap forward as visitors from around the world discover that the "Land of the Morning Calm" has much to offer travellers seeking a world of difference.



Those whose experience of Korea has been limited to battlefield newscasts will be amazed by the Korea of the seventies, a nation displaying some of the most spectacular forests and mountains in the Orient.

actively supporting this with the construction of new hotels, resort complexes, and recreational facilities of all kinds, welcoming joint venture capitalisation for all of these areas.



Another region targeted for extensive development is the ancient Silla dynasty capital of Kyungju. Kyungju is filled with Korean cultural history in the form of the remains of temples, royal tombs, pagodas, palaces, fortresses, and one of the oldest astronomical observatories in all of Asia.

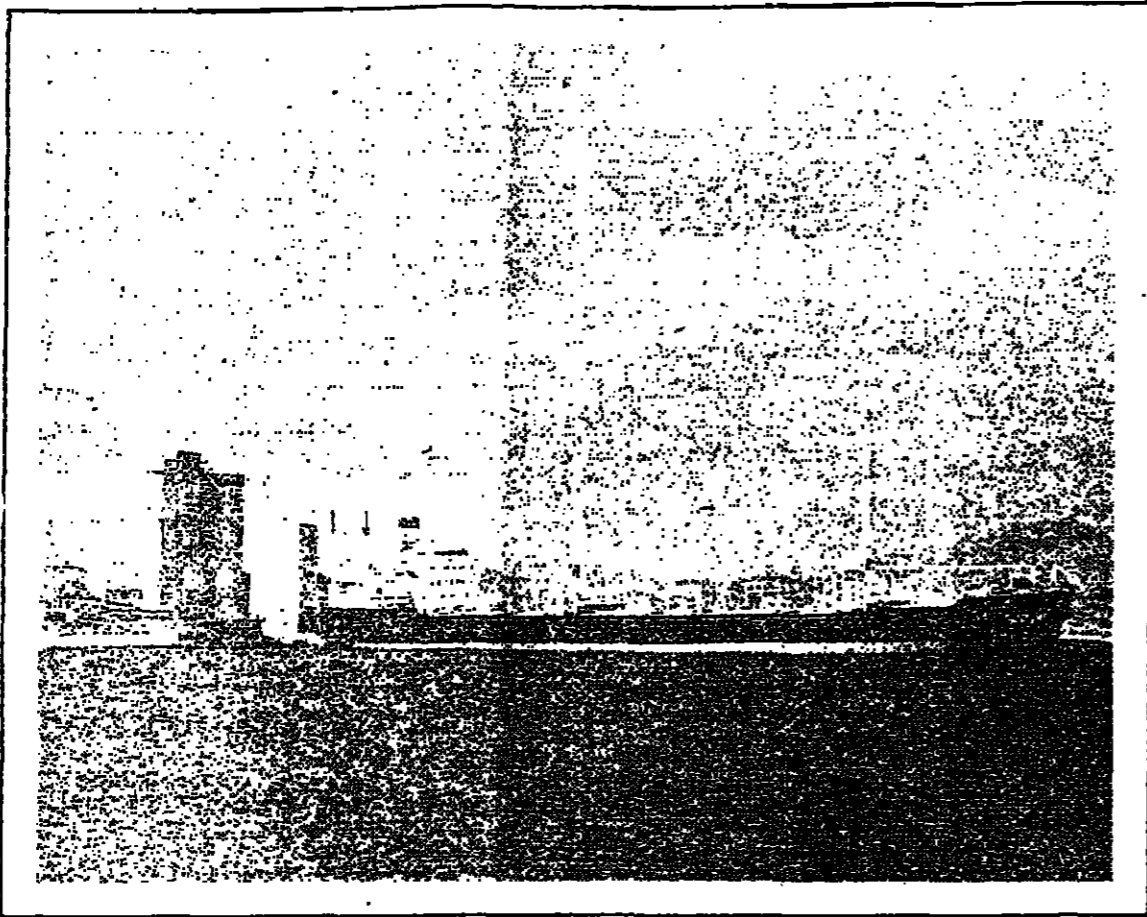
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Advertisement for the Korea National Tourism Corporation, featuring a photograph of a scenic landscape and text describing the organization's mission and services.

SOUTH KOREA IV

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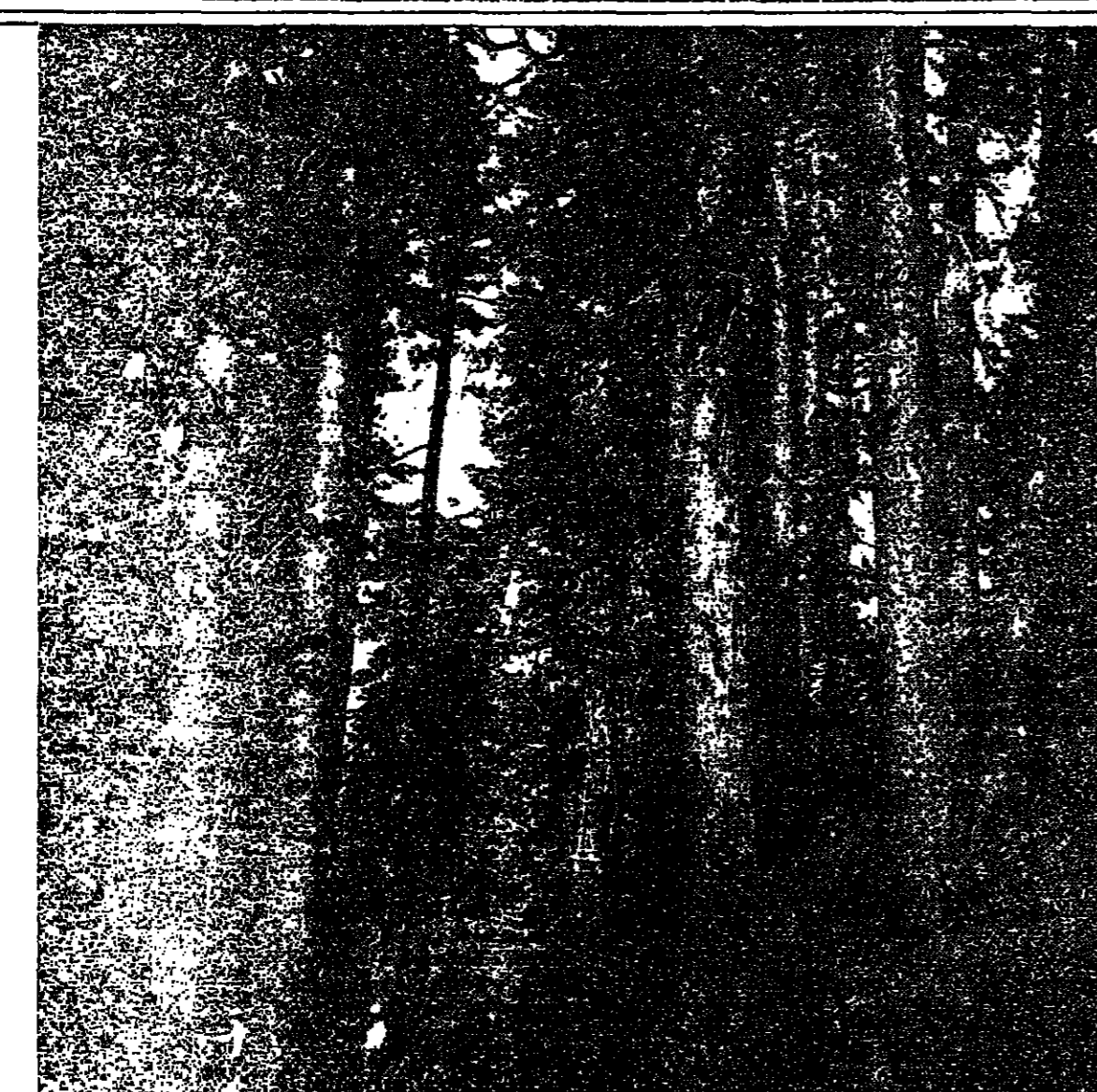
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SSANGYONG CORPORATION



Trying harder to
root in the earth

The Korean economy, beginning with the great upsurge of the early 1960s, has attained remarkable quantitative expansion, qualitative improvement, and a sustained, balanced growth rate that match or exceed similar trends in any other developing country. In fact, it has become a point of pride with Koreans to compare their rapid industrial progress with the "miracle on the Rhine" of West Germany's economic recovery after World War II,

and to speak of a "miracle on the Han River."

The Korean Traders Association housed in the World Trade Center Korea offers prospective buyers the key to profits inherent in our export products by maintaining a special staff which handles trade inquiries, provides business contacts and specific information.

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Business concerns
a major force

KOREA'S PRIVATE sector deserves no less thanks than the Government's economic technicians for the country's amazing export performance in 1976. In a country so geared to achieving targets (for exports, production, overseas offices or whatever), Korea's largely American-trained business leaders have largely met or exceeded those targets.

Critics of Korea's economic success usually start by saying that Government hands out favours to big business which does not in turn pass them along to the worker or small industry. Certainly the cards are stacked against small enterprises in the fourth Five-Year Plan, which places emphasis on heavy industry. What is more, there is no minimum wage and it is clear from nationwide income statistics that the rural earner is getting more, despite Korea's industrial export drive, than the urban worker. That said, any observer is struck by the vitality of Korean business and the efforts already underway to get the private economy away from protected industries and company sizes which may not be, in one businessman's term, "capable of world-class competition."

Preferences

Korea's general trading corporations (GTCs) are a case in point. Created in 1974 to build up major and integrated trading groups not unlike those of Japan, the GTCs now number 11, with a minimum paid-up capital of about \$2m, and selling at least \$45m. of exports. According to the original plan, companies which qualified in 1976 will be given GTC preferences in 1977, but will have them withdrawn in 1978 if they fail to meet the new 1977 requirements which are meant to separate the "profiteers" from those companies which are expanding and reinvesting on a long-term basis. Thus the 1977 sliding scale will require paid-up capital at a minimum of \$2.5m. and minimum exports of \$70m.

Not surprisingly, GTCs accounted for nearly 25 per cent. of exports in 1976, and a recent estimate suggests that the figure could go to 30 per cent. this year. Moreover, seven GTCs figured in the list of Korea's top ten exporters last year: Samsung Daewoo Industrial, Hanil Synthetic Fibre, ICC Corporation, Ssangyong, Bando Trading and Sunkyong. The other GTCs are high on the list (Hyosung 12th, Samhwa 13th, Kumho 15th). Only Korea Trading International Inc. failed to make the top 50 export ranking (see accompanying table) and this is not surprising. The tough requirements for GTC status were waived in this one case when the Government attempted to glue several of the very small trading companies together, very much against the wishes of the big traders.

Still, not all exporters are GTCs, and not least because the benefits of GTC status



Modern buildings in Seoul.

come more from friendly relations with the Seoul government rather than specific tax or other advantages. Of course GTC status lets the 11 companies in an international tender the moment Seoul knows about it, but that has not stopped Hyundai Construction, for instance, from becoming Korea's largest overseas contractor and third-ranked exporter without being a GTC. Similarly, its sister company Hyundai Shipbuilding (and, indeed, the entire Hyundai group) does not do business through a trading arm with GTC status, but the shipbuilding company managed to become Korea's biggest exporter in 1976. Pohang Iron and Steel, as well as Korea Oil Corporation, are further examples of big exporters with a sufficiently narrow range of products and outlets to disqualify them from GTC consideration.

Nonetheless, the GTCs have already become a major force in Korean industry after a series of successful takeovers which have let them keep pace with the sliding scale of minimum requirements for GTC status. Perhaps the most successful was the Daewoo purchase of a loss-making medium-sized machinery producer, Han-kook Machinery Industrial Co., which had a substantial Government shareholding. Daewoo now hopes to turn the company into one of Korea's leading machinery and steel concerns. Similarly, ICC Corporation is going into the heavy machinery business after taking over the falling Union Steel Company.

Other GTCs are scouting the market for acquisitions, or planning (like Samsung) to simply build up new subsidiaries where suitable takeovers cannot be arranged. Every major GTC, moreover, has an eye on the Pohang Iron and Steel complex which the government wants to hive off to private industry in the foreseeable future.

In short, Seoul has managed

Profits for listed companies did surprisingly well in 1976, with dividends averaging just over 20 per cent., even though 19 companies (instead of 14 the year before) did not pay dividends. By most accounts the most impressive gains were at Dong Ah Construction Industrial which, on the strength of overseas construction work, posted a net profit of over \$10m. and felt able to pay out 84 per cent. in gratis offerings to shareholders and cash dividends. Other top earners with payout ratios of over 40 per cent. include ICC Corporation and Pacific Chemical, but two of Korea's largest listed companies, Daewoo Industrial and Samsung (both GTCs), typically maintained their 1975 dividend levels of between 20 and 30 per cent., considered more than adequate for Korea's better known companies of international stature.

The figure is also substantially ahead of the average dividends paid in most Korean industries, led in 1976 by fisheries (35 per cent.), construction (27.5 per cent.), metals, mining, chemicals and oil (over 25 per cent.) and trailing the field paper, primary metals, services, non-ferrous metals, banking and insurance. With few exceptions Korea industries have also been thrown open to foreign ventures, even 100 per cent. operations where a domestic industry may not have any prospect of meeting domestic consumption requirements (for instance, as will be met by Da Chemicals caustic soda plant now under construction Motorola and Fairchild among the top 50 Korean exporting companies, and other may follow suit, while Sae at the same time, is promoting friendly competition in banks and insurance by (a) inviting commercial and merchant bankers to set up in Korea and (b) letting Royal Insurance, Britain and AIL of the U.S., commercial insurance and insurance for Korean clients within Korea.

But the listing leaves many observers of Korean business guessing about just how vast the profits were in 1976 for Hyundai's construction and shipbuilding arms. But since Hyundai is now embarked on a major expansion plan for machinery equipment—and eventually plant export—it is unlikely that Seoul will try to coerce the breadwinners into publicly listing for a few more years.

D.F.

TOP 50 EXPORTERS
(\$m.)

| Rank | Company | 1976 | 1975 | 1975 Rank |
|------|-----------------------|------|------|-----------|
| 1 | Hyundai Shipbuilding | 376 | 108 | 5 |
| 2 | Samsung Co. | 367 | 228 | 1 |
| 3 | Hyundai Construction | 342 | 8 | 163 |
| 4 | Daewoo Industrial | 318 | 170 | 2 |
| 5 | Hanil Synthetic Fiber | 218 | 137 | 3 |
| 6 | ICC Corp. | 197 | 63 | 10 |
| 7 | Ssangyong | 142 | 126 | 4 |
| 8 | Bando Trading | 135 | 30 | 38 |
| 9 | Pohang Iron and Steel | 132 | 105 | 6 |
| 10 | Sunkyong Ltd. | 124 | 64 | 8 |
| 11 | Dainong | 114 | 55 | 14 |
| 12 | Hyosung Co. | 113 | 34 | 31 |
| 13 | Samhwa | 106 | 28 | 42 |
| 14 | Korea Oil Corp. | 103 | 58 | 12 |
| 15 | Kumho and Co. | 99 | 34 | 32 |
| 16 | Pang Rim Spinning | 91 | 56 | 13 |
| 17 | Union Moolsan | 88 | 34 | 30 |
| 18 | Honam Oil Refinery | 85 | 63 | 11 |
| 19 | Tong Myung Timber | 83 | 54 | 15 |
| 20 | Sunkyong Teijin | 83 | 63 | 9 |
| 21 | Motorola | 76 | 38 | 22 |
| 22 | Chin Yang Chemical | 72 | 38 | 21 |
| 23 | Tong Yang Nylon | 71 | 52 | 16 |
| 24 | A-Nam Industrial | 70 | 41 | 20 |
| 25 | Taejon Leather Co. | 63 | 46 | 18 |
| 26 | Samdo Moolsan | 61 | 42 | 19 |
| 27 | Seoul Trading Co. | 58 | 32 | 35 |
| 28 | Signettes Korea | 57 | 25 | 47 |
| 29 | Tongkook Trading | 55 | 25 | 24 |
| 30 | Fairchild | 54 | 34 | 28 |
| 31 | Tae Kwang Industrial | 54 | 37 | 23 |
| 32 | Taesong Lumber | 53 | 36 | 26 |
| 33 | Taehwa Rubber | 52 | 28 | 40 |
| 34 | Ilsin Steel | 52 | 21 | 60 |
| 35 | Choongnam Spinning | 50 | 31 | 37 |
| 36 | Hyupjin Enterprise | 47 | 36 | 27 |
| 37 | Daehan Spinning | 43 | 22 | 54 |
| 38 | Namsun Moolsan | 43 | 25 | 50 |
| 39 | Yulsan Industrial | 42 | 3 | 321 |
| 40 | Samyang Sa | 42 | 66 | 7 |
| 41 | Chonbang Co. | 40 | 32 | 36 |
| 42 | Korea Tungsten Mining | 39 | 27 | 43 |
| 43 | Korea Nylon | 38 | 26 | 46 |
| 44 | Taechang Lumber | 38 | 27 | 44 |
| 45 | Union Moolsan | 38 | 34 | 45 |
| 46 | Sammlsa Co. | 37 | 14 | 88 |
| 47 | Gold Star Co. | 37 | 14 | 94 |
| 48 | Dongli Textile | 36 | 28 | 41 |
| 49 | Daelin Industrial | 33 | 16 | 73 |
| 50 | Han Chang Textile | 33 | 23 | 53 |

Source: Korea Newsreview.

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SOUTH KOREA V

Protectionist threat to exports

DESPITE THE growing overseas protectionism and external uncertainty, South Korean economic planners are confident of continued high growth in exports in the future through the diversification of markets and commodities. Their confidence is based on Korea's successful export performance in the past 15 years, helped by a combination of a competitive labour force, strong Government measures and efficient entrepreneurs.

South Korea is committed to industrialisation through high export growth, which President Park Chung-Hee believes is vital to the survival of his country, densely populated but short of marketable natural resources. The Korean economy grew by 10 per cent in real terms annually during 1961-76. Exports jumped from \$43m. in 1961 to \$8bn. in 1976, showing an average annual growth rate of 11 per cent.

Resistance

The rapid expansion, however, has created protectionist resistance against Korean products in developed countries flooded with low-priced textiles, shoes and other Korean goods. The Ministry of Commerce and Industry says that a total of 38 Korean products are now subject to import restrictions in 18 countries, including the U.S. and Japan. The two countries combined to account for 70.1 per cent of Korea's total exports until 1973, but this has since sunk to 55 per cent in 1976. The U.S. is Korea's biggest export market, followed by Japan. In contrast, Korea's European share has doubled since 1970 to 17 per cent in 1976. And the rich Middle East has rapidly emerged as the country's fourth largest regional market after Europe, taking 11 per cent in 1976, compared with almost nothing a few years ago. Korean exports to the U.S. were \$2.5bn. in 1976, up 42 per cent from a year ago, followed by Japan with \$1.8bn. (up 19 per cent.), Europe \$1.4bn.

(up 46 per cent.) and the Middle East \$900m. (up 11 per cent.). In a recent protectionist move, the U.S. has asked South Korea to roll back drastically its shoe shipments, which jumped from 9m. pairs in 1974 to 44m. pairs in 1976. Korea is opposed to any drastic cut on the ground that such action would be a disaster to the Korean economy.

Korean footwear exports, mostly going to the U.S., amounted to \$417m. last year, up 103 per cent from 1975. In the case of trade with Japan, the outlook at present appears cloudy, due to political wrangling over Japan's long delay in ratifying a bilateral agreement signed in 1974 jointly to fund oil in the continental shelf between the two countries. Korea, which ratified the agreement in 1974, is now threatening to retaliate through drastic cuts in imports from Japan. Officials say that Korea will turn to Europe for more imports even at extra shipping costs. They claim that the better quality of European products will compensate. They also point out that the proposed import cuts are needed anyway to help reduce the nation's perennial trade deficit with Japan, which ran up to \$1.8bn. last year alone. The figure was bigger than Korea's overall trade loss of \$15m. last year. Some Koreans blame what they call Japanese economic animalism for the deficit.

In another retaliatory step, Seoul plans to scrap its 1965 fishery pact with Tokyo, by proclaiming a 200-mile fishing zone, which would shut off Japanese fishermen. On the question of imports protected with high tariffs and other barriers, the Government and business groups are now talking about the need to liberalise Korean imports. This is because they have begun to realise that for sustained export growth they must reciprocate by buying from others. However, they do not expect substantial import liberalisation until the balance of payments improves. The current five-year plan envisages surpluses on both trade and current accounts from Japan with \$1.8bn. (up 19 per cent.), Europe \$1.4bn.

comprising Government officials and business executives, to the U.S. to sign procurement contracts valued at about \$200m. This was in response to American pressures on Korea to buy more American goods. They had cited the \$500m. trade deficit with Korea last year and pointed to the improvement in the Korean economy.

The mission, however, as one Seoul official admitted, was also intended to calm the intensifying American protectionist sentiments against Korean products. A far cry from a few years earlier when the U.S. doled out aid money to shore up the Korean economy. Britain also asked South Korea to bring down its import barriers and buy more British goods when British Trade Secre-

ary Edmund Dell was in the country last month. Mr. Dell told a news conference that he had found good opportunities for British industry to take part in Korea's fourth five-year plan, which calls for massive plant investment with foreign financing. He cited the possible supply of machinery in the fields of electronics, power generation, heavy chemicals, iron and steel non-ferrous metals, petrochemicals and marine equipment. The Korean side expressed concern over the British quotas on imports of sacks and bags of woven polyolefin and the growing pressure for import restrictions on footwear and iron and steel products. Korea's fourth five-year plan calls for shifting away from

labour-intensive light industry, led by textiles, to technology-intensive heavy and chemical industry such as shipbuilding, steel, machinery, plants and electronics. To realise this, Korea intends to obtain modern, sophisticated technology directly from Europe and North America, not through Japan as has been the case in the past.

Korea has to shift to more technology-intensive industry because sooner or later it will face more competition in textiles and other light industry from less developed countries where labour is cheaper. Besides this planned diversification, Korea also needs to improve the structure of its industry. The country is heavily dependent on processing imported intermediate goods for export, making it highly vulnerable to outside shocks in terms

of supplies and prices which are beyond its control. The path towards development of heavy industry may not be easy. The ambitious Korean shipbuilding industry has run into the problem of uncertain international demand, although there may be outlets for other heavy industry products, particularly plant and construction materials. Korea's construction industry has picked up billions of dollars in Arab and other developing countries in the past few years. One factor cannot be overlooked in discussing the rapid Korean export growth. That is the Park Government's economic policy which gives top priority to export expansion. There are now about 2,000 licensed local export firms, in-

cluding 11 general trading houses, each of which met the Government criterion of exporting more than \$150m. last year. Hyundai Shipbuilding and Heavy Industries topped the list with exports totalling \$376m. Probably the most fundamental factor has been the role of competent workers, who are abundantly available at low cost. A World Bank report says that manufacturing wage levels in South Korea are one-fifth of those in Japan, cheaper than in Taiwan, Singapore and Hong Kong, and higher than in the Philippines. It adds that Korean labour productivity levels compare favourably with the latter and are probably not too far behind those of Japan in the traditional industries.

fact that they are aiming to achieve most of the plan's major goals a year early in 1980. In a recent confidential 100-page report, the World Bank generally praised the new five-year plan, finding its "priorities, strategy and programmes to be sound." But the report warned the Koreans might have seriously underestimated investment requirements, while at the same time over estimating national savings flows.

Investment

The plan projects gross investment of \$37bn. or 26.2 per cent of GNP, and national savings of \$34bn. or 24.2 per cent of GNP over the five-year period. The World Bank report said that to contain inflation (which the plan foresees falling to an annual rate of 7 per cent by 1979, from the recent level of around 12 per cent.) Korea must, among other measures, slow the rate of growth of nominal wages, which has been running at around 25 per cent in recent years. And as regards the payments balance, the report said the

underestimation of investment needs, combined with the over-estimation of national savings, was likely to boost the current deficit. At 1975 prices, total around \$5.9bn. over the life of the plan, from Korea's estimate of \$1.9bn. (at current prices, taking into account the improvement in the terms of trade, after the disastrous deterioration which followed the oil crisis, the plan projects a current account surplus over the five years of \$1.21bn.).

The World Bank agreed that in current price terms, the additional financing requirement was unlikely to be sizeable. But it said the likely shortfall made it all the more necessary for Korea to ensure that medium- and long-term commitments of at least \$2.4bn. a year (in current prices) were obtained—as envisioned in the plan. Korean Government economists say that while their investment cost estimates might look ambitiously low by some international comparisons, they reflect past Korean capital to output achievements. The plan projects a rise in exports to \$10bn. this year, from \$7.8bn. last year, and \$20.2bn. by 1981.

Targets

The World Bank report found that the export targets are attainable, provided OECD economies grow at an average of about 5 per cent a year, and no additional restrictions are placed on Korean exports by industrialised countries. Another impponderable in the export area is the degree of success the Koreans have in altering the structure of their exports. Recognising that textiles and clothing are bound to face increasingly stiff competition from other developing countries, Korea's planners are attempting to move into exports that are more "skill intensive"—that is, those requiring more advanced levels of technology and trained labour, which are becoming uneconomical in industrialised

Japan are crucial, since these two countries together still account for over 50 per cent of total Korean exports. But it should be noted that the figure is down from around 70 per cent at 1973, as Korea has had great success in diversifying into new export markets—namely the EEC and the Middle East.

Another major impponderable, of course, is the attitude of foreign lenders and investors in Korea. Perhaps the major question mark, however, is not economic at all, but political—the stability of the Park Chung-Hee regime, and the effect of the proposed pull-out of U.S. troops. Korea's economic planners insist they could handle the increase in defence spending, which a U.S. troop pull-out would mean, without upsetting the plan's main strategy. (In the 10 years to 1975, defence spending took about 4.6 per cent of GNP.) But on the wider political implications of the absence of U.S. ground forces in the South, economic planners must take a back seat.

By a Correspondent

Henry Ahn

Ambitious plans for growth

WE ADVANCED boldly in the past," says the preface to the South Korean Government's fourth five-year economic plan. "We will continue to advance boldly now." The "past" is by now a well-known, and truly outstanding, and economic success story: 15 years of 10 per cent-plus average annual real economic growth, which has transformed Korea from one of the world's poorest developing countries into what the World Bank calls "a semi-industrialised, middle-income nation." The "now" refers to the central strategy of the new 1977-81 plan: average annual real gross national product growth of 9.2 per cent, with exports continuing to lead the way, and annual expansion of 16 per cent. At 1975 prices, GNP is meant to expand to \$33.5bn. from \$21.6bn. at the end of 1976. The current account balance of payments deficit is expected to be eliminated after next year, and a surplus of \$1.2bn. is foreseen in 1981. The continuing rapid growth strategy is viewed as essential in light of the major objectives of strengthening the balance of payments; increasing employ-

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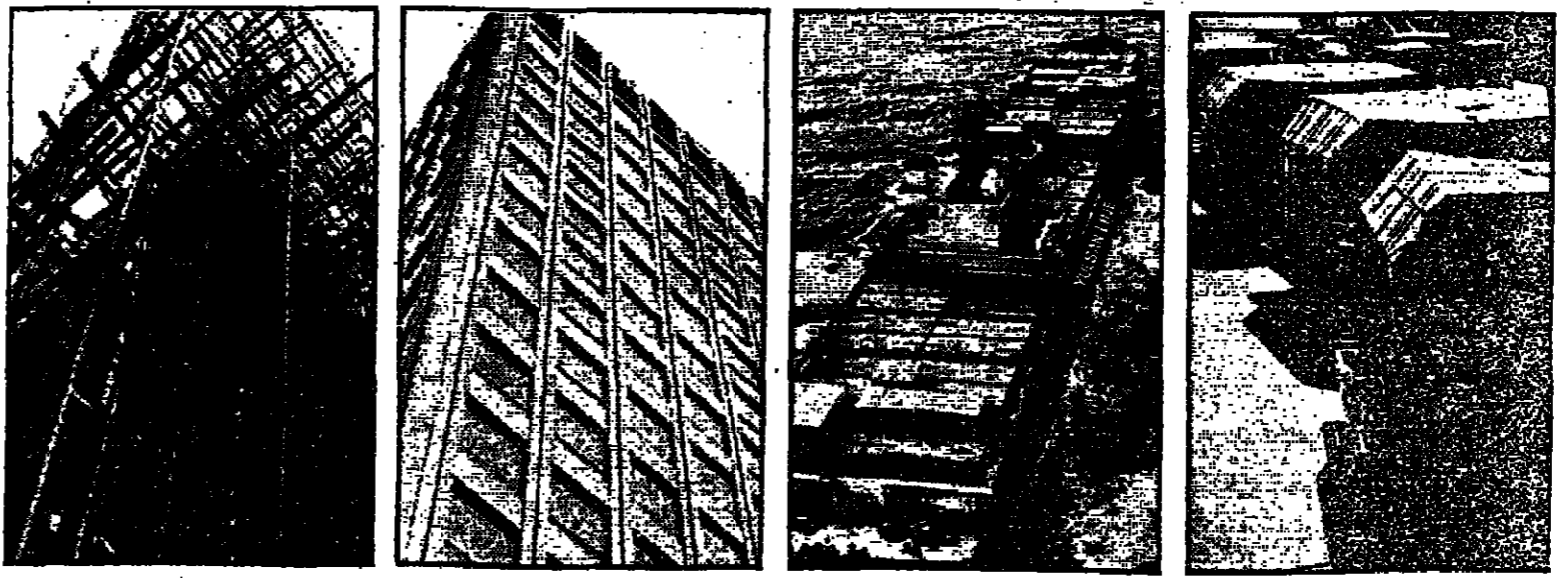
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SOUTH KOREA VI

Major industries

Textiles

"THE KOREAN polyester suit you buy for \$5 quid in London," the Lancashire textile technician boasts, "is still overpriced." The material that goes into the suit costs \$2.50, and production costs push the tab to \$9 before the typical Korean manufacturer takes his \$1 mark-up. By the time the suit gets to London, it is a good £7 cheaper than the same garment made in the U.K.—and can compete hands down with low-cost exporters in Europe. The technician, on loan to Korean manufacturers to advise on specifications for the U.K. market, is not sorry that Korea is undercutting British manufacturers. "I've worked in Britain, Romania and Portugal," he says, "and as I see it, the man in the street gets the best for his money."

That money is pouring into Korea's foreign exchange coffers, to the tune of about \$2.76bn. in 1976, up 46 per cent in one year and almost six times the figure for 1971. In between, Korean manufacturers have drummed the Japanese out of low and medium-quality textiles, and in the process lured a substantial amount of Japanese investment into the Korean industry. And now, over the next five years, Seoul's textile giants hope to modernise the industry in time to keep one step ahead of other

developing countries, who hope to use textiles as a light industry stepping-stone to industrial development. Textiles and clothing are, and will remain, the centrepiece of Korea's industry. They account for 30 per cent of employment in the manufacturing sector, 25 per cent of output and 35 per cent of all Korea's exports last year. Vast amounts of cash will go into Korea's heavy and chemical industries in the next five years, but it will make only a dent in the economy's reliance on the textile business. Indeed, even in 1981, Seoul expects that textiles will still constitute the biggest single export market, at around 26 per cent of the total (compared to its closest rival, electronics, with 13.7 per cent).

In 1977 Korea is looking forward to a 20 per cent rise in textile exports to \$3.5bn., and there seems little readiness in Seoul to downgrade the estimate in the face of protectionist threats in prime overseas markets, notably Europe and the U.S. Korea is lobbying for changes in the GATT Multi-fibre Agreement, but has already calculated its export strategy for this year on the basis of existing import restraints (quotas on 41 items into the United States, for instance). The strategy involves (a) guiding the expansion of key production facilities; and (b)



Textile production at a Daewoo plant at Pusan.

mapping out a long-term investment programme for the industry.

Expansion quotas (for strategic items) have already been filled for 1977. In the acrylic staple fibre sector, the two companies have been authorised to expand: Taegwang Industrial and Hanil Synthetic Fiber (both by 26 tons daily capacity). The total will be tacked on to existing production of 223 tons a day. The rest of the synthetic fibre sector is free to invest, but there are no major plans this year greatly to expand the 25 or so chemical fibre plants which, together, have a 457 tons capacity in staple fibre, and 298 tons in filament. But by 1981, Seoul anticipates synthetic fibre capacity will have grown by 75 per cent, to around 1,376 tons a day, with the biggest increase in polyester yarn.

Cotton yarn now comes within the jurisdiction of industry quotas, and the big 16 companies (led by Tai Nong) have been allowed a major expansion in 1977 (828,592 new spindles on top of the industry's total of 2m. at the beginning of last year). Seoul has also agreed the expansion of weaving facilities, and by 1981 the plan calls

for an increase in cotton yarn capacity to 3.3m. spindles (75 per cent) and in cotton cloth to 73,000 units (up 40 per cent). Korea's most modern textile plants are for wool textiles (about 90 per cent of the machines installed since 1966); it is not true for their dye facilities, and there is a very low loom-to-spindles ratio. Nevertheless, Seoul is aiming for a 72 per cent increase in yarn capacity by 1981 and a 50 per cent rise in wool cloth capacity. But beware: two things crop up the Korean textile panics. First, a new batch of quantitative restrictions ably would hurt, since Korea does only so much diversify into Third-World markets. Second, Korean labour is coming less cheap, and gradually eat up the cost margin which makes Korean textiles such a good buy. The average wage in a textile factory is \$35 a month, and is rising by as much as 20 per cent a year. So Korea's makers are working against the clock.

D.R.

Cars

"CARS WERE our big mistake," a leading South Korean businessman said recently. That sort of statement has yet to be heard from the presidents of Korea's major car companies, but it is not untypical of views outside the industry. Says another outsider: "We spent too much on cars and not enough on other import substitution."

So what's wrong with Korea's vehicle industry? Well, for a start \$250m. has been spent on new capacity in the past three years, but Korea's motor plants are working at less than a third of capacity.

A year ago Hyundai Motor Company began to build the Pony, the compact, home-grown passenger car which is now taking about 60 per cent of sales at home, and there are plans to boost exports from last year's 1,500 to 10,000 this year.

So why is everyone so worried? In fact, there are long-term constraints on Pony sales abroad, notably in its inability to meet the harsh Japanese and U.S. emission control requirements. Moreover, Hyundai hopes to find a small market in Britain and the rest of the EEC, but there have already been moves to prevent a major sales drive.

If exports of Korean cars are in fact made difficult because of import barriers in Europe, there is little doubt that the critics of Korea's ambitious car industry will prove correct after all. The reason is that Seoul is not ready to expand the domestic car market sufficiently to let the car makers have a large enough home demand to permit exports at "marginal" prices.

The home market in 1976 took around 27,300 cars and 20,500 commercial vehicles, but industry experts think that the passenger car market (if freed from some of the current extraordinarily high levels of taxation) could mushroom to 150,000 units a year. But Seoul is not yet ready to let go those tax revenues, and at the same time cause greater congestion than already exists on Seoul's streets. Moreover, the Government has mapped out its priorities for 1977 to 1981—and the car industry is not one of them.

The Pony, nevertheless, has been a qualified success from the start. It is the first car in Korea not assembled on the basis of a foreign licence, so although the design is Italian and much of the engineering British, the Pony is the first "Korean" car. Moreover, the company is making a profit (notably on its output of Ford trucks and Mercedes buses) so there is little doubt it can pay back the capital costs of the Pony plant. Repayments start this year.

Hyundai's major competitor, Kia Industrial, began in the 1960s in a tie-up with Honda Motor of Japan, branched out into trucks and buses, then expanded production of its "Brisa" compact after 1974 from 7,200 units capacity to 24,000. Last year Kia sold only 7,000 Brisas in Korea (less than in 1975) so it too is hoping for a big expansion of exports (mostly to the Middle East) from this year on. Both Hyundai and Kia, meantime, have expanded their truck capacity to 20,000 and 24,000 units respectively, from a combined capacity in 1973 of 15,000 units.

Korea's two smaller car

makers, Saehan Motor (50-50 between General Motors and the Korea Development Bank) and Asia Motor (Korean with a technology tie-up with Fiat) have kept capacity constant. Saehan had 13 per cent of the car market last year with its assembled GM cars, and Asia Motor about half that. Both now are looking to expand their heavy commercial vehicle departments, which report some success in selling to the Middle East.

D.R.



"AN-NYUNG-HASEYO?"

(How do you do? I'm Miss Lee.)

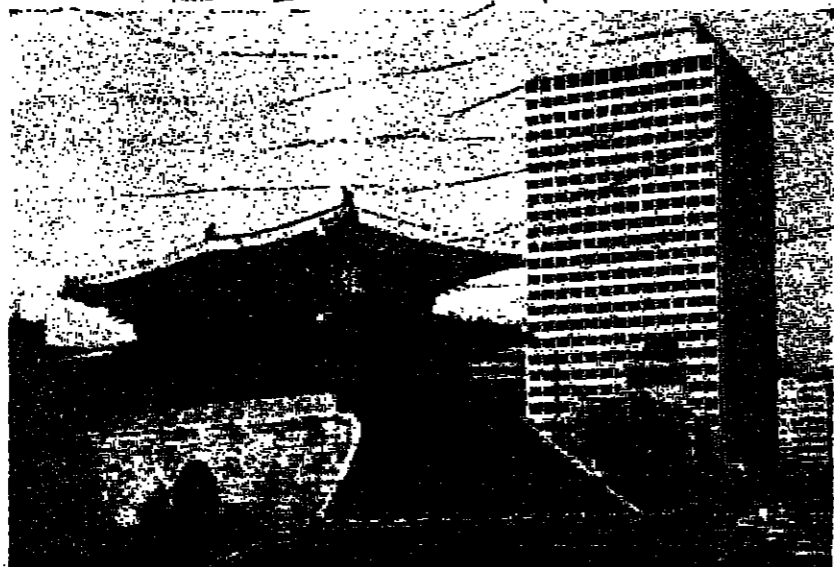
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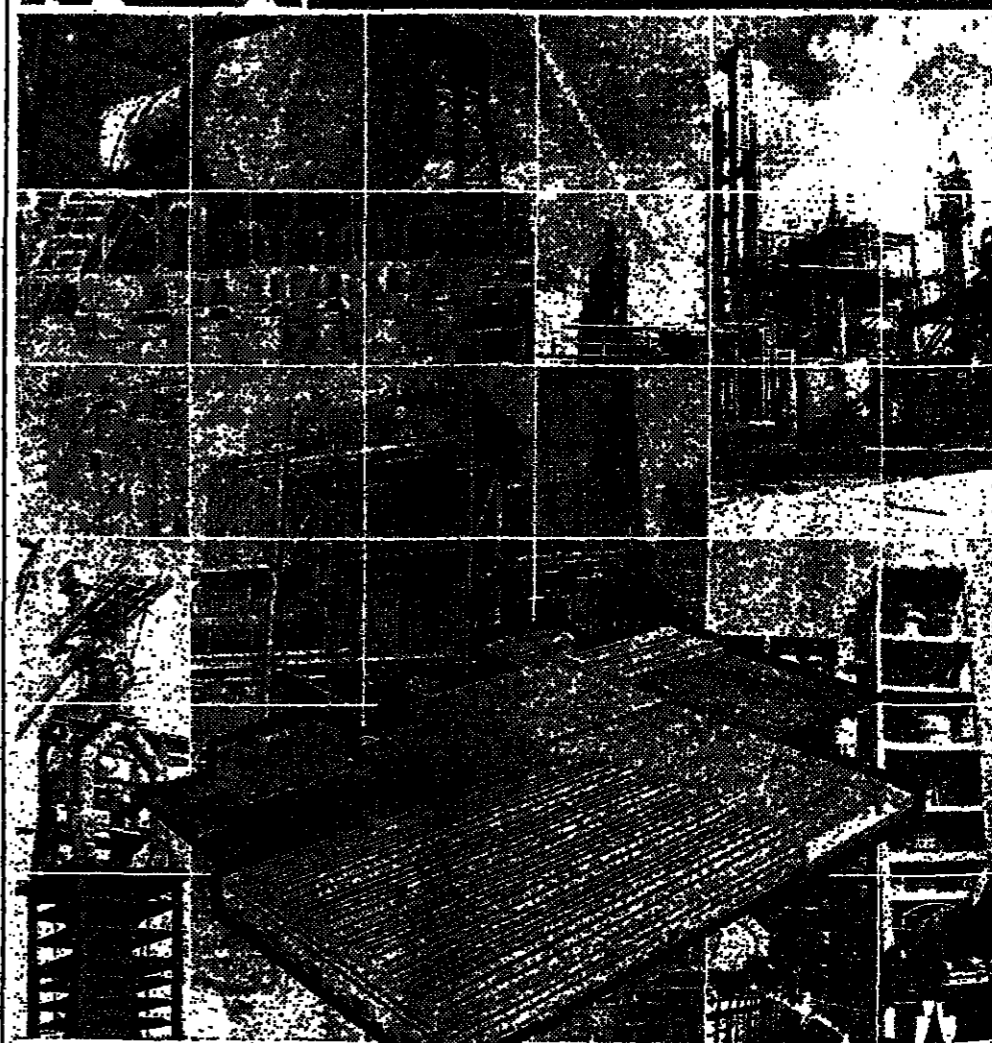
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SOUTH KOREA VII

Engineering

SOUTH KOREA is pressing ahead vigorously with a programme to develop an engineering and plant equipment industry. It is the latest step in the country's shift of emphasis from light labour-intensive industries to the heavy and chemical sectors that began in 1972.

Already some plant equipment and other engineering products have emerged as promising export items. The Government has set an export target for this year of \$410m.

As textiles, shoes and electronic goods are subject to import quotas and keener competition in the world's major markets, South Korea, following the pattern of neighbouring Japan in the early 1960s, places a growing hope on engineering exports in the future.

In its recently launched fourth five-year Economic Plan the Government has three aims in giving top priority to the engineering industry.

The first is technological advancement through local production of sophisticated machinery. The programme as a whole will depend secondly on the development of the defence industry.

Without a fully fledged engineering industry, South Korea cannot hope to produce the various weapons for its own defence capability against possible North Korean aggression. The need has become more urgent now that President Jimmy Carter has left no doubt about his intention to pull out American ground troops from South Korea within four or five years.

The Seoul Government initiated a five-year comprehensive plan to develop machine industry in 1975 which calls for increasing the domestic supply of engineering goods from 20 per cent in 1975 to 70 per cent by 1979.

The nucleus of the plan is the construction of a large engineering industrial estate in Changwon along the south coast near Masan. Work began in 1974, with the first phase scheduled to be completed next year. According to Choi Chang-yong, administrator of the estate, more than 100 plants will be accommodated on a site of 1.7 square kilometres by 1981.

accounting for one-half of the country's total engineering output and exports by that time.

With about a half of its infrastructure completed so far, a total of 48 companies have been granted entry to the complex, with 19 of them in full operation already. Among the companies building plants there are 11 joint ventures, eight with Japanese partners, two with British participation and one with an American company. Foreign equity totals \$68m.

The first phase of construction, including plants, is estimated to cost a total of \$364.5m, including \$350m in foreign loans and investment. It will have a combined production capacity of \$2.2bn of machinery of which \$408m will be going for export by the end of next year. It will also create 61,000 new jobs, about a quarter of the total employment by the country's engineering industry.

The success of these ventures, and of the country's engineering industry development programme as a whole, will depend secondly on the development of the defence industry.

The Government plans to make 100bn won (\$200m) of loans available to the industry each year.

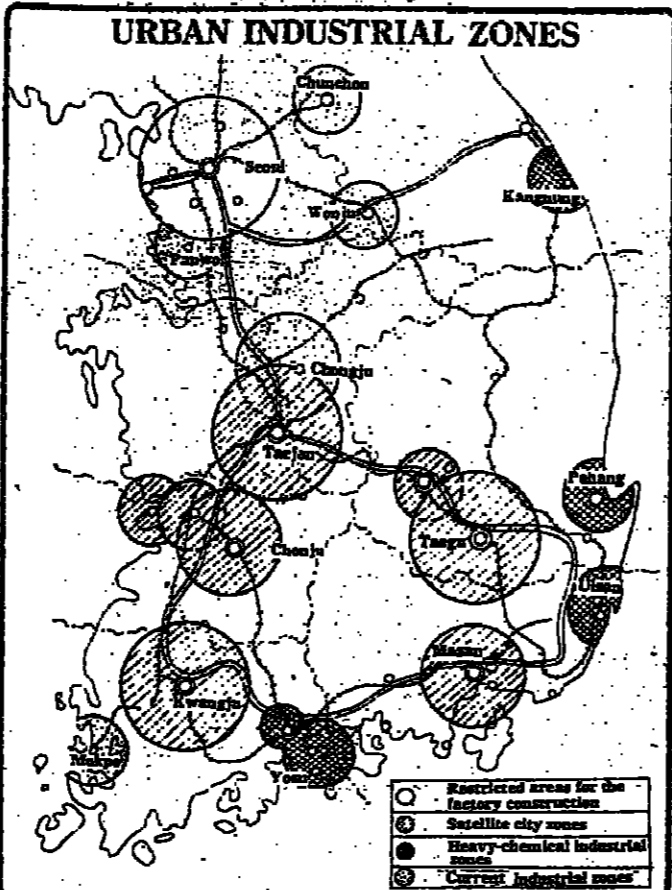
Within less than two years of starting its engineering industry development programmes, the country is not only building thermal power plants at home with 100 per cent locally made equipment but is also exporting some plant facilities and technical know-how.

Production of most light industry factories has now been fully localised, while substitution for imported machinery is possible for up to 50 per cent of the equipment used in cement, steel processing and petroleum-related industries.

In addition to textile plants already being exported, contracts have recently been signed or negotiations are under way for the sale of a zinc refinery to Thailand, a paper manufacturing plant to Colombia, a soda ash plant to Peru, a pulp plant to New Zealand, a biscuit factory to the United Arab Emirates, and power and cement plants to other Middle East countries.

Samuel Kim

URBAN INDUSTRIAL ZONES



Electronics

IF TEXTILES are the declining mainstay of South Korean industry and hence exports, electronics promise to be the rising one for a good many years to come.

In five short years, production has quintupled, and in 1976 alone Korea's exports of electronic products (equipment plus components) were up more than 85 per cent to \$970m. Total production rose to about \$1.3bn, outstripping the "planned" increases by as much as 40 per cent.

That sort of growth will not happen again in 1977, nor did it in 1976. The Government set up the Gumli electronics industry base in 1973; so far 31 companies have begun operations and a further 24 factories are under construction. (Additionally, some 86 companies from other industries have been given permits to build at the Gumli site.) Seoul Korea's electronics industry also decided early on to open up to foreign investors, letting them set up on a 100 per cent basis, in an all-out effort to attract the newest technology to the electronics industry.

How long it stays that way will depend, above all, on how quickly Korea can get into the business of advanced precision electronics. The Seoul Government has already laid the ground rules for developing the industry, which takes top priority with chemicals and heavy industry in the new five-year plan.

Shipbuilding

IN MID-APRIL, President Park's council of economic advisors took a hard look at Korea's shipbuilding industry. At the end of the day, they agreed to proceed with the planned expansion of capacity from the present 2.7m. gross tons to 4.25m. tons in 1981. In the minority were a few critics of putting so much foreign exchange into the one Korean industry which is already swamped with too much capacity. Indeed, in 1976 Korean shipyards produced only 654,000 gross tons on a theoretical capacity of 2.6m. tons, so even by the Government's own arithmetic, it shows the Korean yards working at far less than 50 per cent capacity.

Seoul had a hard decision to make: whether or not to complete two new shipyards now under construction. One is the medium-size Jukdo shipyard, being built by the Woonjin Shipbuilding Company. The 100,000 g.t. capacity yard was scheduled for completion this summer, but

work had almost halted at the site in recent months. Last month, the Samsung Group—Korea's largest trading house—took over the controlling share in the joint venture from the ailing Chirra Group. (The Jukdo yard will be part-owned by Marubeni and Hakodate, both Japanese companies with 15 per cent shares each). The \$8m. project may now be completed, since the Government has decided to continue subsidies, but probably not before the end of 1977.

By far the bigger gamble is the Okpo Shipyard, capable of building supertankers, cargo vessels, drilling rigs and floating factories. Okpo's capacity will be 1.2m. tons a year, with a maximum 1m. dwt. ship capability. The yard has been under construction by the Korea Shipbuilding and Engineering Corporation (KSEC) since October, 1973, although as at Jukdo, building activity had virtually stopped in recent months when Seoul was known to be reassessing the country's shipbuilding programme. Now, work will proceed on Okpo but the yard's completion may be delayed six months until summer of 1978 in order to spread out new capacity in the face of sluggish world demand for new ships.

Are Okpo and Jukdo white elephants? Many economists and businessmen think so, especially because Seoul is already lumbered with large-scale subsidies to existing yards to keep them afloat. This year the Korean Export Import Bank and Korean Development Bank have \$300m. to spend in the way of export credit, and most of it will go to finance ship sales. The KDB also has about \$10m. to tide shipyards over when they cannot meet operating expenditure. And the Government gives shipbuilders a bargain price for their steel purchases. All courtesy of the taxpayer.

Seoul is gambling that the world market for ships and assorted offshore structures will pick up in 1978 or 1979. It has even upgraded its forecast for ship exports in 1981 from roughly \$900m. to \$1.2bn. from roughly \$400m. anticipated this year. Meanwhile, Seoul is steaming full speed ahead with plans to encourage Korean shipowners to "buy Korean," as well as to expand ship repair, ship supply and port facilities.

D.R.

In 1976, Korean shipyards built only 50,000 g.t. for domestic shipowners, while the country imported 490,000 g.t. (mostly secondhand ships). Now Seoul has "banned" in principle the import of newly built ships, and is warning shipowners away from buying abroad. The aim is to bolster Korean shipping from the existing 2.6m. tons to 6m. tons by 1981 and at the same time have most of the new shipping built by Korean yards. To do so, the Government has undertaken to subsidise owners and the yards; already \$40m. have been set aside in 1977 to help finance four new orders at Hyundai and two at KSEC. Furthermore, Seoul is working out a whole batch of new measures to lure shipowners into placing domestic orders.

Regardless of how well the shipbuilding sector fares, the Government has already launched a major expansion plan for its port facilities in an effort to boost handling capacity from 34m. tons to 93m. tons (and berth capacity from 129 to 203 vessels). The investment is reckoned at about \$300m. over five years, or double the amount spent between 1972 and 1976, with more than a third of the total going on Pusan port (including \$80m. from the World Bank and \$35m. from the Saudi Development Fund).

Another chapter of Seoul's expansion plans which now looks secure is the new Hyundai ship-repair dockyard under construction, with an annual repair capacity of 80 vessels and a maximum single vessel capacity of 700,000 dwt. The yard is a joint venture between Hyundai and Japan's Kawasaki Heavy Industries.

D.R.

Steel

SOUTH KOREA'S earliest gamble on heavy industry badly despite a slump in world steel prices. Last year Korea managed to sell \$415m. worth of steel overseas, up 40 per cent on the previous year and right on target. The industry expects to export \$560m. worth in 1977, more than enough to offset the costs of special steel imports (though not of raw materials, naturally). About 50 per cent of Korea's exports in the sector are steel sheet and pipe, and 17 per cent iron reinforcing bars, wires, rods and rails (about 70 per cent of output at the Pohang cold-rolling mill is being exported).

Now Posco has embarked on further expansion, from 2.6m. to 5.5m. tonnes capacity, for completion in 1978, bringing the country's total projected capacity in that year to nearly 6.7m. tonnes, with plans for a third stage of expansion at Pohang to 8.5m. tonnes by the end of 1981.

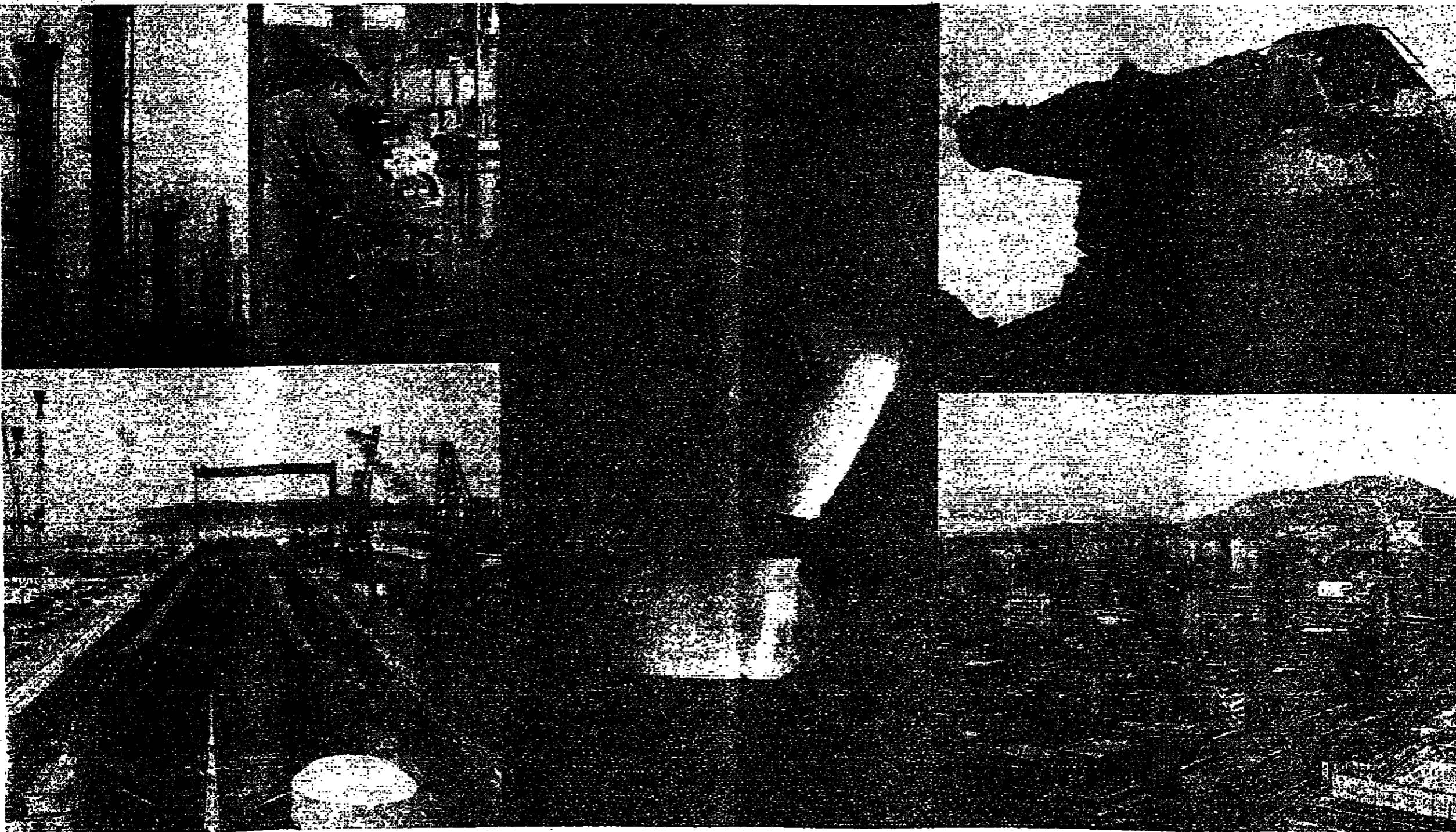
Meanwhile, the privately-owned Korea Integrated Special Steel Company (KISCO) hopes to finish a 250,000 tonne special steel plant (for high alloy steel, seamless pipe, and stainless steel sheet) by the end of 1977, then expand its capacity to 300,000 tonnes by 1979.

So by 1979 Korea hopes to boast of real self-sufficiency in iron and steel products, meeting both qualitatively and quantitatively the specifications required in major Korean industries.

Unlike the shipbuilding in-

D.R.

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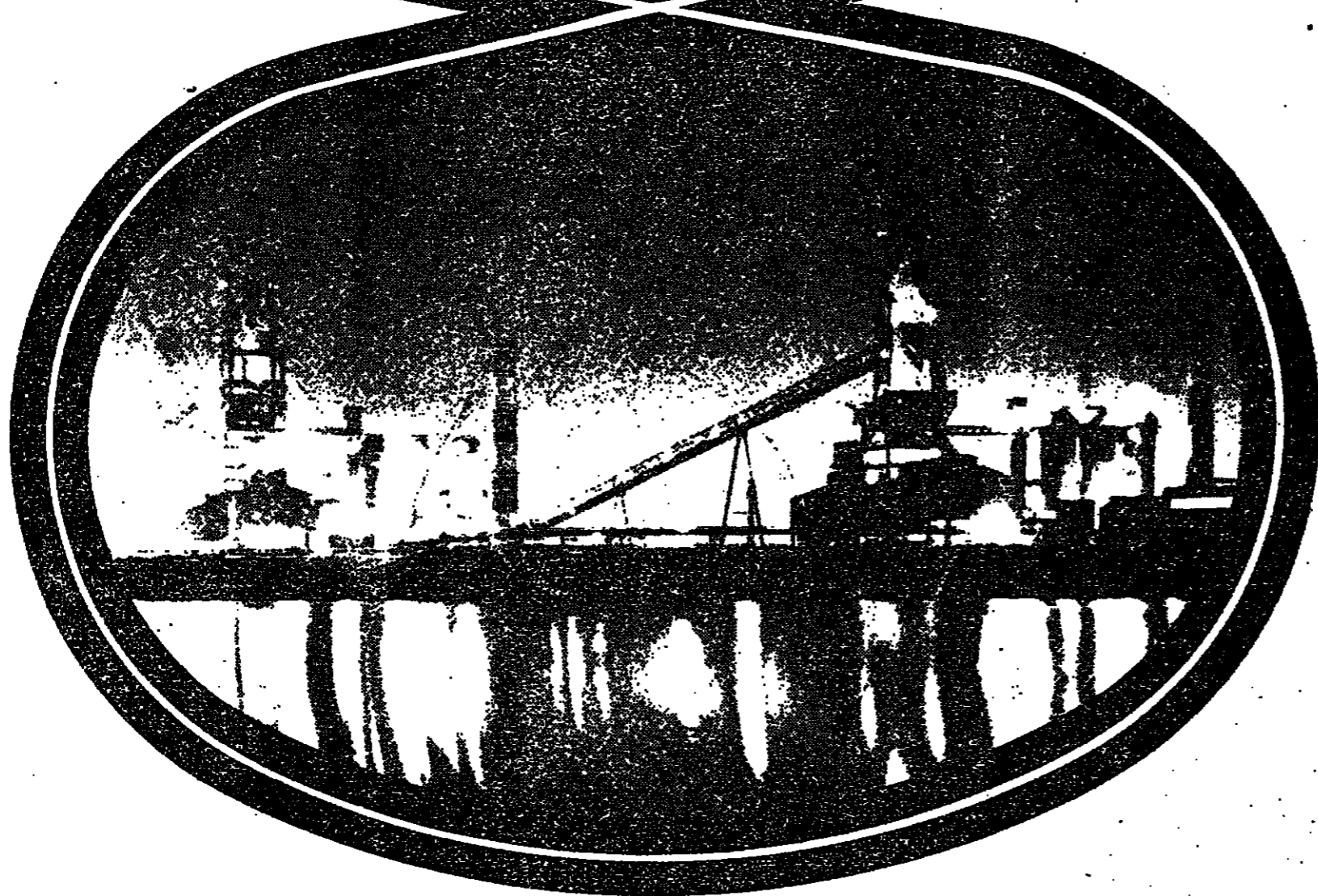
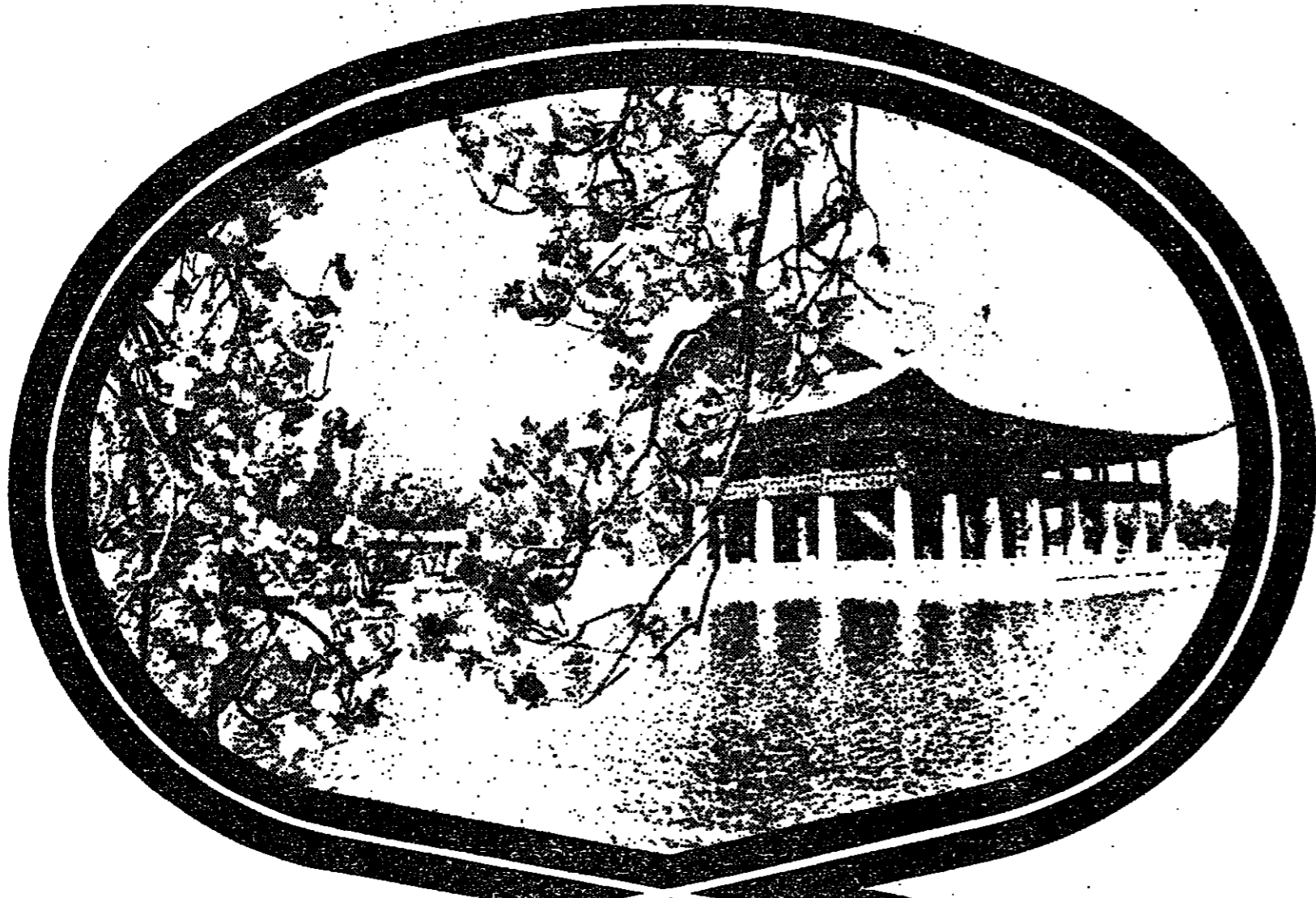


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كندا من اجل

The taxing question of saving British films

By ARTHUR SANDLES, Cannes, Sunday



Grade: one of the thin line

Wilson: first meeting

Delfont: plenty to say

EMILY RANK... Organisation... big plans for... later in the year but as of May... activities come at a time when... a TV series, and at Shep... industry. During the next... person the main activity was... of Superman. The big names... of production plans, the... time from EMI's film chief... Broccoli, and Joseph Losey... production by these two... once used Britain as their... base, have now departed, leav... a thin line of movie moguls... Stanley Kubrick, Fred... Zinneman and, of course, our... exhibit, particularly British... the domestic film-making... industry is at a very... Whether Rank, EMI... Lord Grade can... the business on their... is doubtful, however, good... intentions. And that is... the film business is press... the Government hard for... sort of sympathetic atten...

Several things... happened... a swing to low-budget, home... oriented, films in the U.S., many... American companies entered a... period of financial strain; the... U.S. itself joined other coun... in giving film investment... incentives; and at the same time... life in Britain became more... expensive and tax advantages... for foreigners were eroded. The... "Cayman Islands" loophole was... closed. Now the tax rules are... fiercer for British nationals... who live abroad than for foreign... nationals should they be offered... temporary film work here.

which preceded Sir Harold's... team and included... members... such as Lady Falkender and... Lord Delfont... had things... to say about tax... the film... business. It is generally... accepted in film-industry circles... that the tax relief and other... tax arrangements available in... the U.S., Canada and the... Federal Republic of Germany... have had the result of intro... ducing large amounts of private... money into the area of... film-making. In our view... a similar result might well be... achieved in this country if... similar arrangements were per... mitted.

being muscle behind films, and... produce both revenue and ad... vertising benefit as a result in... the U.S. No British company... feels the returns justify the... investment.

Attractive... While conversations with the... Department of Trade and other... "official" areas of the film busi... ness tend to turn to the ways... in which more finance can be... diverted into film-making, those... with the film-makers them... selves return consistently to tax... The film business is one of... the most mobile. Although the... technical equipment available is... a considerable attraction, the... business is largely built around... people, and people tend to home... in on the centres which offer... the greatest financial inducement... Britain was a highly attractive... film-making base in the 60s. Not... only was there a large pool of... foreign money was free to enter... and depart with relative ease... Foreign nationals could take up... residence in what was regarded... as a highly civilised country and... retain a high proportion of their... international earnings un... taxed. Even Britons who were... based here but ventured abroad... from time to time on contract... work could negotiate not dis... couraging terms with the tax... man.

Many California or Swiss... based British actors and... directors can only come to the... U.K. for three months in some... years before they run into... problems with the taxman. A... foreigner working on a British... film can stay for more than... twice as long. Seeing Lord... Delfont, EMI's film chief, I... quite often say 'Let's have him... or her for the part, and I'm... told that they can't come... because of tax.' Many of those... involved use up little of their... three months. "What happens... if my mother is ill? Or there... is some other family disaster?"... said one. "I daren't risk using... all my days." The Film Pro... duction Association president is... plumb about the position. "We... have to find some way for... British subjects to be treated... in the same way as foreign... subjects."

Film-making seems to demand... a peculiar type of financial... talent one which is wedded to... a near unique entrepreneurial... spirit. As far as the U.K. is... concerned this is most vividly... displayed by Lord Lew Grade... whose spectacular conversion... from television magnate to film... mogul while in his late sixties... has captured the imagination... of the world's film-makers... Whatever Rank may do it is... Grade and his younger brother... Lord Delfont who are the cur... rent kings of the U.K. screens... Wheeler-dealers, has nasty... under-tones but take those away... and you have the essence of... Grade's skill. From a compara... tively low financial base—by... Hollywood standards—ATV is no... a cash fat company—Grade has... somehow managed to launch a... \$100m production programme... Via handshakes and trans... Atlantic telephone calls—have... Lord Grade being accused of... being tough, but never of break... ing his word—he has con... ducted a network of co-produc... tions and guaranteed sales. As... the money flows in, as it is... doing from Voyage of the... Damned and The Eagle has... landed, summer pictures are put... into production. In theory the... whole pack of cards could... collapse if three or four of the... key are loss makers, but there... is no sign of such a disaster and... even if it did strike Grade would... still have much of the cost... underwritten and would return... with only his pride hurt: his... bank balance would be virtu... ally intact.

Brother Bernard does not... have a television base from... which to build, but he does have... a tidy slice of the U.K. cinema... outlets under his control. More... than a quarter of U.K. film... goers went through EMI's doors... last year. EMI's pattern for the... moment seems to be to judge... cash-towards Hollywood where... EMI Films Inc. and EMI Tele... vision Productions are the... current golden boys of Sir John... Read's EMI empire with Lord... Delfont as the head of that... particular activity. The aim is... to create such an image in Cal... ifornia that tempting talent back... to EMI will be a somewhat... easier task than it is at the... moment.

Letters to the Editor

Turn-outs at... elections... In the Greater London... council member for... It is a common mis... ion to imagine that... ocal elections is low... or May 5 and subse... quent... These are m... thing as a...

British books... in France... From Mr. R. Beardwood... Sir—One of the theoretical... benefits of Britain's having joined... the European Community is that... our exports will enjoy lower... tariffs. The theory does not seem... to have worked for books.

To-day's Events

EEC Finance Ministers and... Agriculture Ministers begin... meetings in Brussels... Mr. Edward Rowlands, Minister... of State, Foreign and Common... wealth Affairs, attends conference... in Mozambique which will discuss... Rhodesia and Namibia (South... West Africa)... Group of British and U.S. offi... cials leave for Africa to begin... consultations with all parties... likely to be involved in any settle... ment in Rhodesia... Mr. Michael Foot, Lord Presi... dent of the Council, speaks at... Foreign Press Association lunch...

Justice Bill, committee. Control... of Food Premises Bill, Insurance... Brokers (Registration) Bill and... Town and Country Planning... (Amendment) Bill, second read... ings. Farmers (Registration)... Amendment Bill, committee... OFFICIAL STATISTICS... Retail sales (April, provisional)... Turnover of catering trades... (first quarter)... COMPANY RESULT... French Kier Holdings (full... year)... COMPANY MEETINGS... See Week's Financial Diary on... second readings. Administration, Page 28.

course is not applicable when... there is an advance... Finally it would be interesting... to know if the British... can propose any similar... advantageous arrangement with... regard to their... N.H. Will... 25 Orchard Mans... Woking, Surrey... as a...

Insulation and... condensation... If this is what Mr. Harris is... saying then there must be many... more who would agree: we must... all look much more closely at the... net cost in terms of fuel reserves... particularly where one course of... action will have a reflex effect on... one or more alternatives.

TV's share of advertising

From Mr. H. Henry... Sir—In his notice (May 12) of... the J. Walter Thompson analysis... of advertising expenditure in 16... countries, Michael Thompson... Noel observes that "a ten-year... comparison clearly shows that in... countries where TV is available... it has made big gains in its share... of total media expenditure at the... expense of the Press." What... ever may be the case in other... countries, this is not true of the... U.K. TV's share of total media... expenditure fluctuated between... 24 and 25 per cent during the... early 1960s, was 26 per cent in... 1966 and 1967, declined to 23 per... cent in 1970, rose again to 25 per... cent in 1971, fell back to 23 per... cent in 1973, and returned to 25... per cent in 1976. Seeing how... easily myths can be created and... sustained, it is perhaps important... to keep the record straight and... not to confuse stability with gain... H. Henry... Harry Henry Associates... 3, The Green, Esher, Surrey.

Advertisement for OIL RECOVERY INTERNATIONAL. Text: "Pollution threat in worst North Sea area. It happens everyday... Safety valve... Oil rigs: Call... FOR NEW SAFETY LEVELS... COMPANIES TO SEARCH... FORCE OIL... BLOW-OUT... OIL RECOVERY INTERNATIONAL... O.R.I. Tuckton Bridge, Christchurch BH23 1JS, Dorset, England. Tel: Christchurch (02015) 8868. Telex: 41354 Oihnop G. Cables: Oilrop, Christchurch, Dorset.

Gas guzzling is reprehensible

From Mr. N. Jenkins... Sir—It is difficult to understand... what Anthony Harris in the... Lombard column of May 10 is... really saying in defence of gas... guzzlers. Power to weight ratio... must surely come into the long... energy/fuel consumption calculation... and passenger/miles cannot be... relegated to an unimportance in... service obtained... Mr. Harris queries the guzzling... argument to lead into President... Carter's stress on reducing... dependence on imported fuel... calling this "plain suicidal"... presumably because it would... exhaust U.S. native resources all... the quicker.

Charges for library services

From the Secretary... The Library Association... Sir—Samuel Brittan (May 3)... argues for the production of... charges for library services on... specified days and asks whether... libraries must "face a bleak... future because their supporters... find simple economic logic—... plain logic—distasteful." The... difficulties currently faced by... the world economy suggest... regrettably that I am not alone... in finding economic logic neither... simple nor, often, logical... The essence of his argument... which would provide privilege... days for those who decide to... afford them, is that this would... maximise utility and minimise... fixed-cost losses. His proposal... has to be viewed against the... philosophy underlying the pro... vision of library services in the... public sector: the aim of these... services is education and... through public libraries, is to... provide to the widest possible... public a ready availability of... information, ideas and concepts... through books and other media... The success of the library move... ment (and the level and scope of... the service in the United King... dom is still regarded with envy... by most other countries) is... based upon the wholehearted... pursuit of this philosophy and... the principles derived from it... In our intricate society, still... concerned with problems of literacy... and cultural identity and with... the need for a high degree of... literacy increasingly self-evident... the libraries make an important... contribution in providing as basic... access for many people to... records and information... The introduction of privilege... days will do little to further the... efforts now being intensified by... library services to reach into... immigrant communities, to pro... vide back-up services for literacy...

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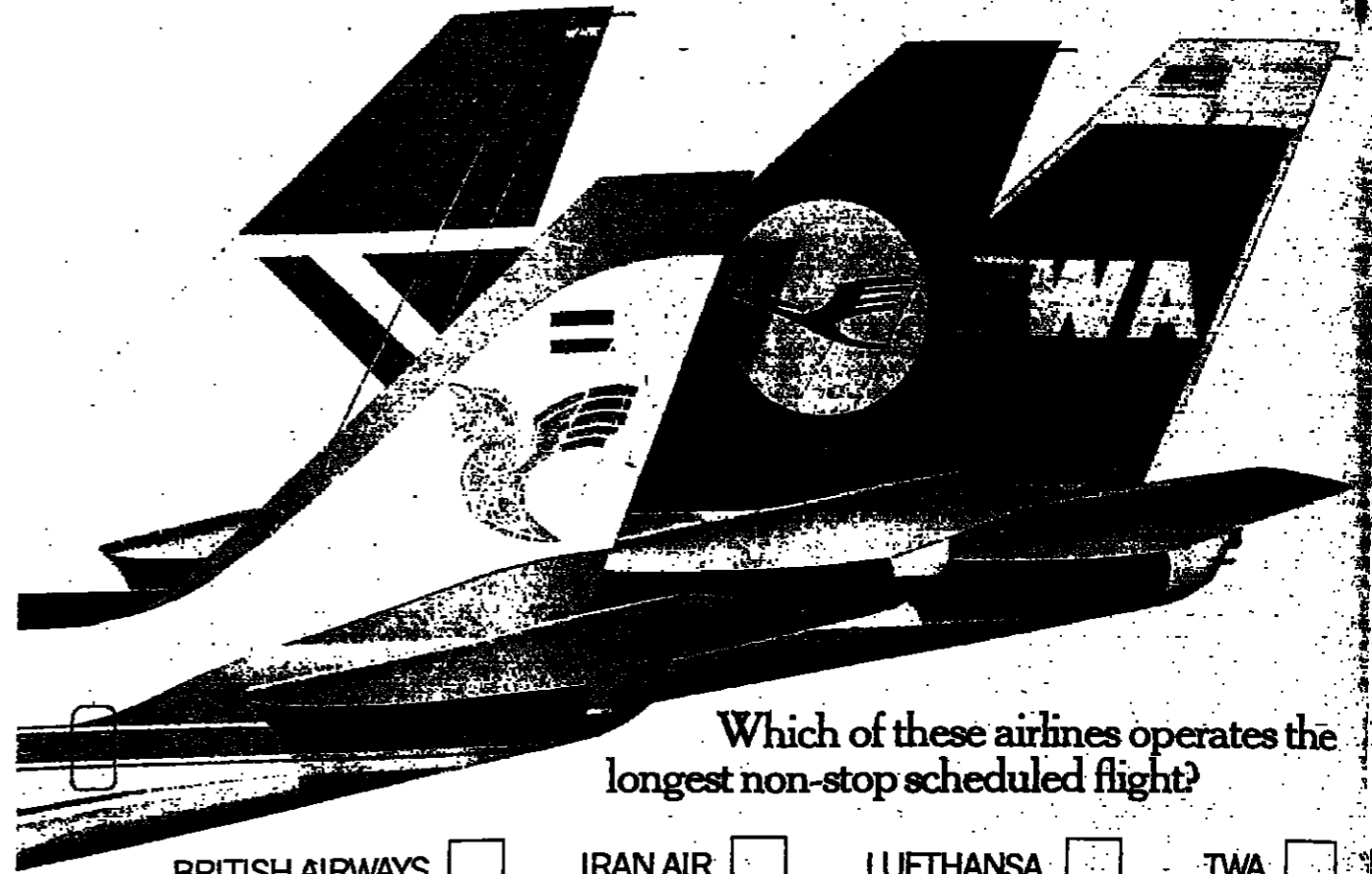
From Mr. N. Jenkins... Sir—It is difficult to understand... what Anthony Harris in the... Lombard column of May 10 is... really saying in defence of gas... guzzlers. Power to weight ratio... must surely come into the long... energy/fuel consumption calculation... and passenger/miles cannot be... relegated to an unimportance in... service obtained... Mr. Harris queries the guzzling... argument to lead into President... Carter's stress on reducing... dependence on imported fuel... calling this "plain suicidal"... presumably because it would... exhaust U.S. native resources all... the quicker.

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Guess which is the world's fastest growing airline?

SWISSAIR SAS OLYMPIC AIRWAYS IRAN AIR



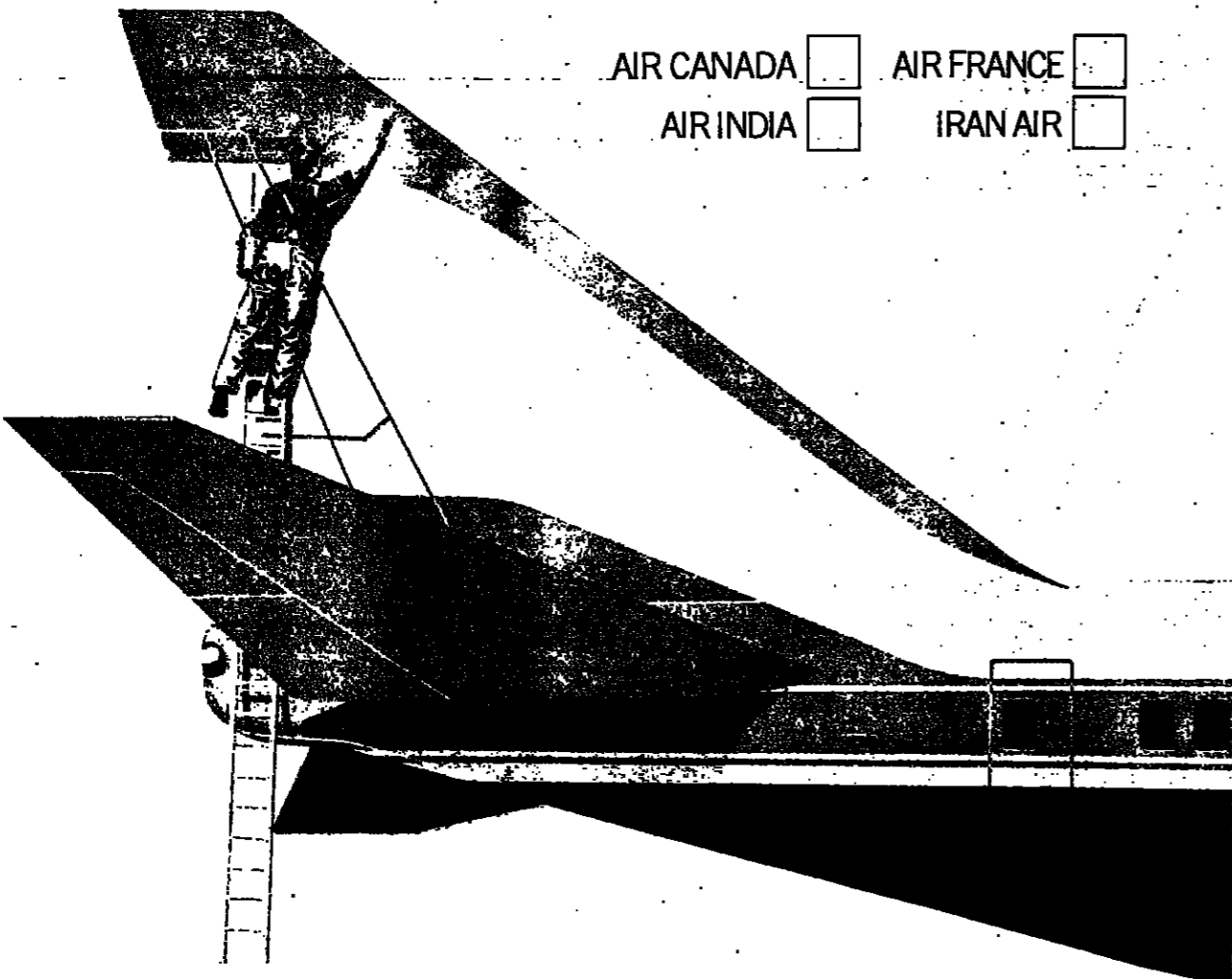
Which of these airlines operates the longest non-stop scheduled flight?
 BRITISH AIRWAYS IRAN AIR LUFTHANSA TWA

Only one of these airlines flies to London, New York, Moscow, Peking and Tokyo. Which is it?



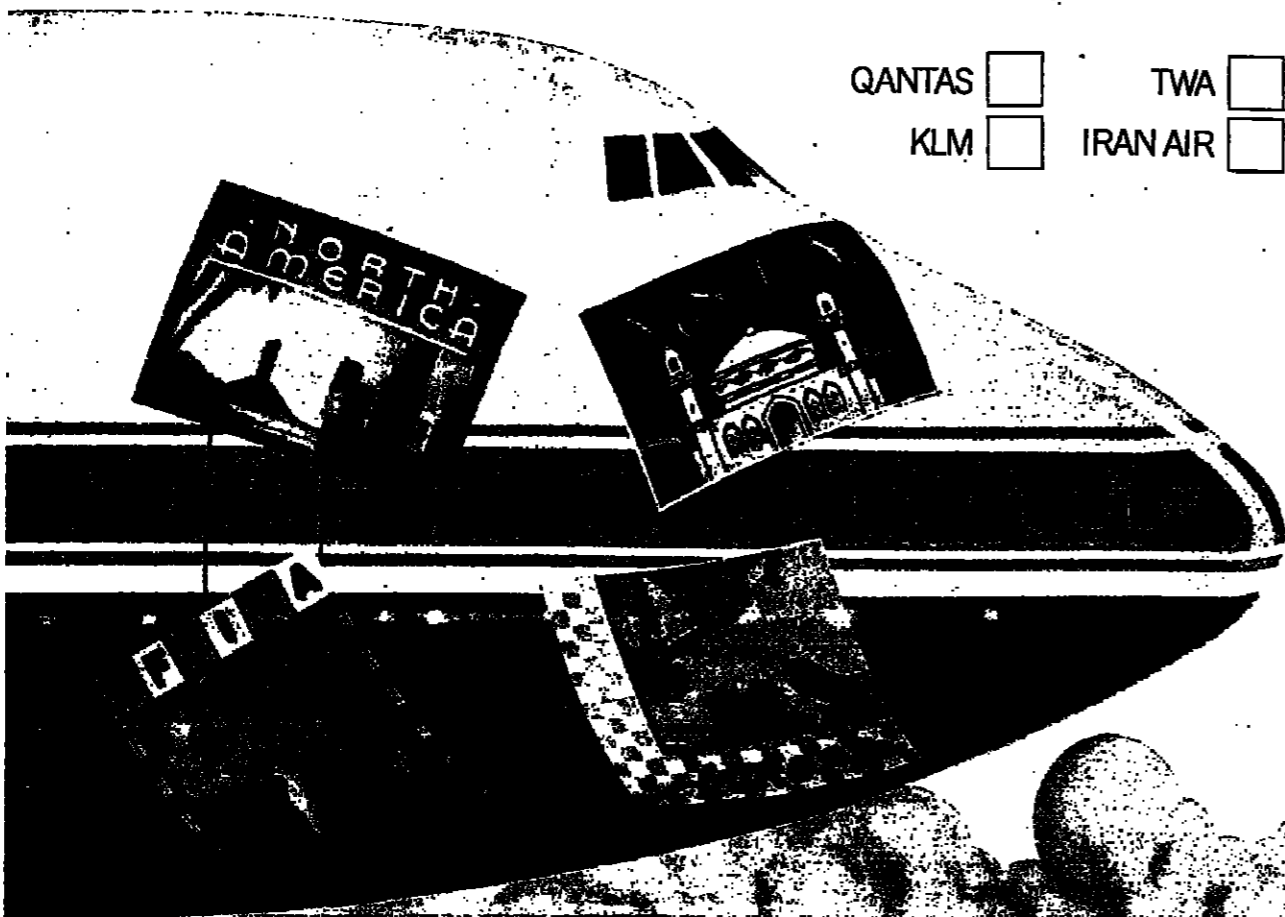
PAN AM LUFTHANSA BRITISH AIRWAYS IRAN AIR

Only one of these airlines has the new high flying 747SP Jumbo, the most comfortable plane in the sky. Which one?



AIR CANADA AIR FRANCE
 AIR INDIA IRAN AIR

There's only one airline in the world that will fly you to four continents in the same plane on the same day. Which is it?



QANTAS TWA
 KLM IRAN AIR

The world's fastest growing airline, believe it or not, is Iran Air. It really is.

For instance, every year for the past five years we've bought more new planes. (This year, we take delivery of three new 747-200Bs. The very latest Jumbo.)

And every year for the last five years we've flown more passengers to more destinations.

So that today you can fly Iran Air to any one of twenty seven major cities throughout the world. (Including, by the way, London, New York, Moscow, Peking, and Tokyo.)

If the flight takes your fancy, Iran Air can also fly you to four different continents, in the same plane on the same day. (Tehran to Cairo, on to Paris, finishing up in New York.)

Quite a hop.

Do it in reverse though, New York to Tehran, and you'll experience one of the longest non-stop scheduled flights ever.

Over 6,200 miles.

A distance covered with ease by Iran Air's new 747SP.

The 'Special Performer' Jumbo.

It flies a mile above normal air routes. A mile above the bad weather.

Making it the most comfortable plane in the air.

And that's not pie in the sky. It's a fact. Like everything else on this page.

IRAN AIR
 The world's fastest growing airline.

کتابخانه

OVERSEAS NEWS

Sauvagnargues to become new French envoy to U.K.

By ROBERT MAUTHNER

PARIS, May 15.

JEAN SAUVAGNARGUES, Embassy in Bucharest, in 1942 former French Foreign Minister, is shortly expected to be French Forces in Syria and in the U.K. in the new Ministry of Foreign Affairs...

M. Sauvagnargues subsequently spent many years dealing with Germany, first in the Commission for German and Austrian Affairs, and subsequently as Ambassador in Bonn from 1970 to 1974...

JAPAN-SOVIET FISH TALKS

Costs and bitter feelings mount

By DAVID SATTER

MOSCOW, May 15.

AN INDICATION of how serious and claims. The refusal of the Soviet-Japanese confrontation Japan to recognise Soviet control over fishing rights has become the principal striking point...

The dispute has grown out of a Soviet proclamation of a 200 mile fishing zone last December 1977 and a new long-term agreement...

The dispute is having political ramifications, however, which may eventually be almost as disquieting for the Soviet Union. After the failure of the second round of talks between Mr. Suzuki and Mr. Ishkov...

UCB - Brussels 1976 logo and header

At the meeting held on 14th April, 1977, the Board of Directors approved the accounts for the 1976 financial year.

In his statement last year Baron Janssen expressed the hope that the Group would in 1976 regain its normal development path and rate of profitability...

The current position of the Group as a whole is then considerably better than at the end of last year. The hopes based on the development of the Film Sector and the Pharmaceutical Sector are being realised...

FINANCIAL HIGHLIGHTS

Table with columns for UCB GROUP, Net Group sales, Cash flow from Trading, Depreciation for the year, Profit/(loss) after tax, Investments during the year, UCB's proportion of, Cash flow per share, Depreciation for the year, Profit/(loss) after tax, Dividend: gross, net.

Cash flow consists of: Depreciation taken into the profit and loss accounts. No account, however, has been taken in 1976 of the 230mm. BF of depreciation of research costs.

Copies of the 1976 Annual Report (in English, French or Dutch) will be available in June and can be obtained on request from: UCB s.a. Public Relations Department, Chaussée de Charleroi, 4, B.1060 BRUSSELS-BELGIUM.

Thousands mourn Polish student

By CHRISTOPHER BOBINSKI

CRACOW, May 15.

UND 4,000 Cracow students asked people not to participate in the traditional student rag scheduled for this week-end. The boycott was only partially effective...

had hoped to attend this morning's memorial, were detained in Warsaw yesterday and five people have still not been released.

New Finnish Government sworn in

By LANCE KEYWORD

HELSINKI, May 15.

W "popular front" Government was sworn in to-day in through stimulation of investment in export-oriented and import substituting industries.

surprising in view of its unreliability performance in the coalition Cabinet that resigned in September, 1976.

Pravda attack on China

By OUR OWN CORRESPONDENT

MOSCOW, May 15.

THE HOPE that Sino-Soviet relations might improve following the death of Chairman Mao Tse-tung has been effectively killed in an explicit editorial in the Soviet Communist Party newspaper Pravda...

The appearance of the editorial eight months after the death of Chairman Mao clearly marks the end of a period which the USSR appeared to try to conciliate the new Chinese leadership...

Tokyo Pacific Holdings N.V.

- List of agents and branches for Tokyo Pacific Holdings N.V. in various cities including London, Paris, Brussels, and Sydney.

Notice of Redemption K-Mart (Australia) Finance Limited 9% Debentures

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1975 (the "Indenture") between K-Mart (Australia) Finance Limited, a Bermuda limited company (the "Company") and The Royal Bank of Canada Trust Company, a New York corporation, as Trustee, \$386,000.00 aggregate principal amount of the Company's 9% Debentures issued and outstanding under the Indenture...

Table listing \$1,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M with columns for serial numbers and redemption dates.

Clarke Chapman Limited 1976 Results

Table showing 1976 and 1975 results for Clarke Chapman Limited: Turnover £204,000, Profit before tax £8,121, Profit after tax £4,776, Dividend per ordinary share 7.5038p, Earnings per ordinary share 14.26p.

The trading profit for the year ended 31st December 1976, derives substantially from activities other than our UK power station boiler business which is currently under review following the report of the Central Policy Review Staff on the future of the UK power plant industry.

Clarke Chapman Limited logo and address: Clarke Chapman Limited, Victoria Works, Gateshead, Tyne and Wear, NEB 3HS. ENGINEERING FOR INDUSTRY WORLDWIDE

OVERSEAS MARKETS

BY MARY CAMPBELL

Dollar sectors take a hammering

THE DOLLAR sectors of the Eurobond market took another hammering last week with prices of recent issues in general down anything between a quarter and 1 point. This was true of Canadian as well as U.S. dollar issues. Prices fell further in the first half of the week and there were signs of stabilization on Thursday evening and Friday.

Thursday night was encouraging. The fire in Saudi Arabia's second largest oil field was far behind the shaper falls in Japanese issues than elsewhere, dealers said. The main talking point on Friday was the European Economic Community's \$500m. financing. Details of the likely terms for this emerged late on Friday afternoon. The formal go-ahead for the financing has still to be given however—it is expected at today's Council of Ministers meeting.

There are less tight than much of the market had feared. The release of an issue is therefore likely to have a positive effect. The main feeling in the market by Friday, after ten days of suspense, was that the sooner it was over the better. The financing will be in two tranches, one of \$200m. for five years offering an indicated 7½ per cent, and the other of \$300m. for seven years offering an indicated 7½ per cent, both at discount. Among recent issues, the closest parallel to the five-year tranche is Norway's \$500m. issue, which was priced at 100½ nearly a month ago and currently offers about 7½ per cent.

with the seven-year tranche of recent large issues. The Ontario Hydro and Volkswagen issues, both of them ten-year bullets, are perhaps the best indicators: Ontario Hydro's \$120m. issue is currently yielding between 8 and 8½ per cent on coupon. On comparisons such as these, the terms of the EEC's issues almost look generous. However, the gap between deciding to sell what one already holds (at a loss) and deciding from what one has only just paid, given the time lag between subscription and payment dates) and deciding to buy something newly on offer is particularly wide at present. This is all the more the case for the EEC's two issues since their main feature is their size and the main feature of the market is the volume of paper in the course of being placed.

The choice of management group would make a good case study for anyone training for a job either in the EEC Commission or the Eurobond market. Factors determining the choice of invitees would appear to include Common and Eurobond market politics plus placing power, safety-net and trading considerations. Factors point to the same names—or else presumably the management group would have had to be twice as large.

The three lead managers as expected, are as follows: Deutsche Bank for tradition and Germany and good digestion; Citicorp for France, Warburgs and avoiding a battle between the

three French nationalised banks and Crédit Suisse White Wolf and Swiss placing power under a British roof. The co-managers invited include the two other big Swiss banks, the three nationalised French banks, S.G. Warburg, Samuel Montagu (owned by Midland) and County Bank (owned by National Westminster) from Britain, the two biggest Dutch banks, Banca Commerciale Italiana, Kredietbank Luwem, bourgeoisie Société Générale de Banque, Kidder Peabody and Salomon Brothers.

With the Sines issue closing to-day—no change in terms, it is expected and the issue has been placed mainly in the banking sector—the volume of U.S. dollar issues on offer other than the EEC in the market will be less than \$200m. The Oiler issue has a seven-year maturity with an option for the borrower to redeem after five, not a bondholder as stated in Friday's paper.

Table with columns: Borrowers, Amount \$m., Maturity, Av. life, Coupon, Price, Offer yield, Lead manager. Includes entries for Standard Chartered, Japan Steel Works, Tenneco, Sundstrand, and others.

Table titled 'Indices' showing 'NEW YORK - DOW JONES' and 'STANDARD AND POORS' with columns for May 15, 12, 11, 10, 9, 8, 6, 5, 4, 3, 2, 1 and High/Low values.

Table titled 'Rises and Falls' showing 'MONTREAL' and 'TORONTO' indices with columns for May 15, 12, 11, 10, 9, 8, 6, 5, 4, 3, 2, 1 and High/Low values.

Table titled 'GERMANY' and 'JOHANNESBURG' with columns for May 15, 12, 11, 10, 9, 8, 6, 5, 4, 3, 2, 1 and High/Low values.

Table titled 'AUSTRALIA' and 'PARIS' with columns for May 15, 12, 11, 10, 9, 8, 6, 5, 4, 3, 2, 1 and High/Low values.

OVERSEAS SHARE INFORMATION

Large table titled 'NEW YORK' and 'CANADA' listing various companies and their share prices. Includes columns for High, Low, Stock, and Price.

Handwritten scribble at the bottom right corner of the page.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for fund names, managers, and performance metrics.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various regions including UK, Europe, and Asia.

HIGHS AND LOWS S.E. ACTIVITY

Table showing high and low stock prices and activity in the South East region.

FT-ACTUARIES INDICES

Table showing actuarial indices for various insurance-related categories.

HONG KONG

Table listing stock prices and market activity in Hong Kong.

SINGAPORE STOCKS

Table listing stock prices and market activity in Singapore.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products with details on terms and conditions.

INSURANCE BASE RATES: Property Growth 91%, Cannon Assurance 84%, CORAL INDEX: Close 465-470

CLIVE INVESTMENTS LIMITED: 1 Royal Exchange Ave., London EC3V 3LU, Tel: 01-283 1101

NOTES: Prices do not include premium, except where indicated...

HOME NEWS

Inflation threatens industrial recovery

Anthony Harris
RATE of inflation and the Government's credit...

Drop new pension Bill, Methven tells Ennals

BY MICHAEL LAFFERTY

THE GOVERNMENT should abandon the proposed Bill which would give trade unions the sole right to appoint members' representatives...

gations that trade unions intended to ask the Government to set up an agency with powers to set up an agency with powers to set up an agency...

that all members of schemes should have the opportunity to participate in their management...

Partnership

Mr. Methven claims that most employees and pensioners are opposed to the Government's plans.

Aged 'should have 22% rise' says Age Concern director

BY ERIC SHORT

A MINIMUM rise of 22 per cent in old age pensions in November is demanded by Mr. David Hobman, Director of Age Concern.

ning at 16 per cent, in the six months to March the increase was 9 per cent. If this trend continued, the possibility was for an inflation rate of 18 per cent over the year to November.

reinforced the arguments for a 18 per cent inflation rate.

In addition, a 4 per cent real increase in income was the minimum that pensioners could expect on top of providing for inflation.

Therefore there should be a rise of 22 per cent, bringing pensions for single persons to £19 per week and to £30 for married couples.

Team rail plea

1,000 APPEAL was launched a week-end by steam train enthusiasts in a bid to re-open the final two-and-a-half-mile of the Welshpool to Llan-glyfeydd railway.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$25,000,000

Bougainville Copper Finance N.V.

8 3/4% Guaranteed Notes Due 1984

Payment of principal, premium, if any, interest and sinking fund, unconditionally guaranteed by

Bougainville Copper Limited

MORGAN STANLEY INTERNATIONAL

DRESDNER BANK UNION BANK OF SWITZERLAND (SECURITIES)
BANK OF AMERICA INTERNATIONAL KLEINWORT, BENSON LIMITED
N. M. ROTHSCHILD & SONS LIMITED

- ALGEMENE BANK NEDERLAND N.V. A.E. ANES & CO. AMEX BANK AMSTERDAM-ROTTERDAM BANK N.V.
ANDRESEN BANK A/S AUSTRALIAN EUROPEAN FINANCE CORPORATION BACHE HALSEY STUART INC.
BANCA COMMERCIALE ITALIANA BANCA DEL GOTTARDO BANCA NAZIONALE DEL LAVORO
BANCA DI ROMA THE BANK OF BERMUDA BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS)
BANK JULIUS BAER INTERNATIONAL BANK LEU INTERNATIONAL LTD.
BANK MESS & HOPE NY BANK OF MONTREAL BANKERS TRUST INTERNATIONAL
BANQUE BRUXELLES LAMBERT S.A. BANQUE FRANCAISE DU COMMERCE EXTERIEUR
BANQUE GENERALE DE LUXEMBOURG S.A. BANQUE DE L'INDOCHINE ET DE SUEZ
BANQUE INTERNATIONALE A LUXEMBOURG S.A. BANQUE NATIONALE DE PARIS
BANQUE DE NEUFUISE, SCHLUMBERGER, MALLET BANQUE DE PARIS ET DES PAYS-BAS
BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG BANQUE PRIVÉE S.A. BANQUE ROTHSCHILD
BANQUE WORMS BARCLAYS BANK INTERNATIONAL BARRING BROTHERS & CO.,
BAYERISCHE HYPOTHEKEN-UND WECHSELBANK BAYERISCHE VEREINSBANK BERGEN BANK
BERLINER HANDELS-UND FRANKFURTER BANK BREISACH PINSCHOF SCHOELLER
CAISSE DES DEPOTS ET CONSIGNATIONS, CAZENOVE & CO. CHASE MANHATTAN CHRISTIANIA BANK OG KREDITKASSE
COMMERZBANK COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS (UNDERWRITERS) S.A.
COMPAGNIE LUXEMBOURGEOISE DE LA DRESDNER BANK A.G.-DRESDNER BANK INTERNATIONAL CONTINENTAL ILLINOIS
COUNTY BANK CREDIT COMMERCIAL DE FRANCE CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE
CREDIT INDUSTRIEL ET COMMERCIAL CREDIT LYONNAIS CREDIT DU NORD
CREDIT SUISSE WHITE WELD CREDITANSTALT-BANKEVEREIN DAIWA EUROPE N.V.
RICHARD DAUS & CO. BANKIERS DELBRÜCK & CO. DEN DANSKE BANK DEN NORSKE CREDIT BANK
DEUTSCHE BANK DEUTSCHE GIROZENTRALE DEWAAY & ASSOCIES INTERNATIONAL S.C.S.
DOMINION SECURITIES EFFECTENBANK-WARBURG EUROCAPITAL S.A.
EUROMOBILIARE S.A. EUROPEAN BANKING COMPANY FINACOR
COMPAGNIA EUROPEA INTERMOBILIARE EUROPEAN BANKING COMPANY
FIRST BOSTON (EUROPE) FIRST CHICAGO ROBERT FLEMING & CO. FUJI KLEINWORT BENSON
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Courts get new credit powers

By Our Consumer Affairs Correspondent

THE provisions of the Consumer Credit Act, which will allow people to check and correct information held about themselves by credit reference agencies come into effect to-day.

At the same time, courts take on new powers to protect borrowers against exorbitant charges of other contraventions of fair dealing.

Under the new regulations, which will remove much of the secrecy which has surrounded the question of loans, lenders and hire-purchase companies will have to give borrowers, when asked, the name and address of any credit reference agency which has been consulted while considering whether or not the loan should be granted.

The agencies in turn will be required initially within 15 working days, to give consumers copies of files relating to them and, if appropriate, to correct any inaccurate entry prejudicial to the consumer.

The regulations bring into effect provisions of the Act which allow courts to reopen any credit agreements which mean that the borrower is having to pay an exorbitant rate of interest or which otherwise contravene the concept of fair dealing.

This provision applies to all agreements where the debtor is an individual, regardless of when the agreement was made.

Freddie Laker wins award for enterprise

THE 1977 National Free Enterprise Award, sponsored by the Aims for Freedom and Enterprise this year goes to Mr. Freddie Laker, chairman of Laker Airways.

Other awards are made to Mr. Christopher Bailey, chairman of C. H. Bailey, Mr. Bernard Bulpin, one of the shop stewards who supported Mr. Bailey in his fight against nationalisation, Mr. Patrick Hutber, city editor of the Sunday Telegraph, and Mr. John Dettmer, retiring director general of the Economic League. A posthumous award has been made to Mr. Tibor Szamuely, the Scottish award goes to Mr. W. R. Alexander, chairman of Scotwros Limited and of Walter Alexander (Coachbuilders).

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Key nuclear reactor move 'needed soon'

BY DAVID FISLOCK, SCIENCE EDITOR

THE NEED for nuclear energy and for a speedy Government decision on a reactor choice were supported by an overwhelming majority at the Sunningdale week-end meeting called by Mr. Anthony Wedgwood Benn, Energy Secretary, to discuss Britain's nuclear energy policy.

The meeting offered no defence, however, of the Government's only positive decision on nuclear policy, namely the choice of the "steamer" (steam generating heavy water) reactor in 1974 and approval of a new 4,000MW programme of construction.

The three dozen people involved in energy policy who met under the chairmanship of Mr. Benn included his own junior Ministers, political advisers and top officials, and a number of outspoken critics of nuclear energy.

The meeting was called to discuss four aspects of nuclear policy in Britain—the need for nuclear energy, and Government policy on thermal reactors, fast breeder reactors, and the re-processing of spent nuclear fuel.

Critics of nuclear energy attempted to argue that Britain could avoid the need for nuclear energy altogether by adopting tougher measures to conserve energy.

They claimed that nuclear energy would be uneconomic in competition with coal—an argument that proved difficult to

sustain when the gap in U.K. generating costs between the two fuels is still widening, to coal's obvious disadvantage.

The meeting, which took no decision on which thermal reactor Britain should adopt for its next nuclear stations, was told that two key announcements were imminent.

Consensus

These would give the results of a six-month study by the nuclear power company comparing the "steamer" reactor, the advanced gas-cooled reactor (AGR) and pressurised water reactor (PWR); an dthe results of a three-year examination of the safety of the U.S.-designed PWR by the chief nuclear inspector.

A consensus view emerged that if the Government accepted the conclusion of the Cabinet Office (Think Tank) study on the British power plant manufacturing industry, namely that its future lay in a strong export policy, then it must also accept the need to adopt the PWR as the reactor of choice in potential export markets.

But if the Government rejected the Think Tank's conclusion, and adopted a different policy to wards the plant manufacturing industry, then the meeting believed there were some intrinsic merits in remaining with the AGR, not least that it might

Riot police and mobs clash across Italy

BY DOMINICK J. COYLE

RIOT POLICE using tear gas faced armed mobs in a series of apparently politically motivated riots which erupted throughout Italy over the week-end.

The clashes left a trail of injured and also extensive property damage in Rome, Milan, Naples, Turin and Palermo.

The demonstrations were aimed at wrecking the political dialogue attempting to agree a common legislative programme under a new Government of the long-ruling Christian Democrats (DC) and the country's powerful Communist Party (CPI).

The demonstrations, ostensibly in protest against the death of a young girl in Rome last week allegedly by a police marksman (the police have denied the charge), were co-ordinated throughout the country.

The organisers have now promised a "massive" protest meeting here on Thursday, despite a blanket Government ban on all demonstrations of capital at least until the end of May. This prohibition followed major riots at Rome's University last month.

It is now clear that student and feminist demonstrations are being infiltrated by extremists, paramilitary forces with the object of breaking down totally an already decaying law-and-order situation.

In Milan and Rome in particular, demonstrators at the weekend were armed with pistols and petrol bombs.

ROME, May 15.

Sig. Francesco Cossiga, Interior Minister, reaffirmed yesterday that the Government would take every measure open to it to defeat politically motivated violence.

A number of opposition parties, however, have expressed reservations on new law-and-order measures promised by its minority Administration of Sig. Giulio Andreotti.

These include tougher penalties for attacks on State employees, members of Parliament and the judiciary, and police and prison officers.

Longer prison sentences are also envisaged, subject to parliamentary approval for attacks on, or threats of violence to, lawyers, and for anyone collaborating with kidnapping attempts, of which some 30 have been successful so far this year.

In Naples this morning Sig. Guido de Martino, son of the late veteran Socialist Party (PSI) leader, Sig. Francesco de Martino, was released in return for the payment of a reported ransom of L.1bn. (\$865,000).

The money, according to family sources, was raised directly by the Socialist Party but no immediate confirmation of this came from the PSI.

Naples police threw up road blocks throughout the city today after Sig. de Martino's release, and it was suggested unofficially that the Mafia had been involved in the kidnapping.

THE LEX COLUMN

Familiar patterns in the upswing

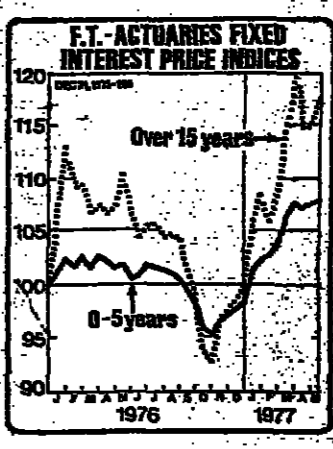
Between Easter and the 1977 peak reached last Thursday the F.T. Actuaries Fixed Interest Index put on almost 15 per cent and it is worthy of note that the 500 Share Index has got back to within 7 per cent of its all-time high of August 1972 — this index being helped by its exclusion of the former Financial Group, still struggling at little more than half of its own 1972 peak.

On the evidence of sector performance the market is confidently looking forward to a remedial package on the back of the oil-boasted balance of payments surplus and a strong exchange rate. Aside from oils, commodity shares and overseas traders have been languishing, as have the other currency hedge stocks like insurance brokers.

The emphasis has swung right back to the domestic economy, with the engineering and consumer durable sectors leading the way. Among the financials the interest rate factor has left the banks way back with a gain of less than 7 per cent over the period, but properties have celebrated with a rise of 22 per cent.

Broadly, this pattern is typical of a bull phase in the equity market. The traditional defensive sectors like brewers, tobacco and food manufacturing have been left behind, the lack of interest here perhaps being partly explained by fears of particular attention from the Price Commission. At the other extreme, the strong showing of heavy engineering must owe something to speculation over the Drax B affair and the allure of nationalisation compensation money.

That the stock market is running well ahead of events in the real economy is not unusual or especially worrying. But the greater volatility it has shown in recent years makes it more likely that it is running too far too fast. Just to take one example, fund managers may have lost their fears of a toothless Stage Three, but company managers have not.



The underlying stocks approach maturity. And the price index mirrors the experience of all gilt-edged portfolios in market prices go exorbitant from time to time in a boom fashion, so that it is necessary to include an adjustment representing the gross interest received in the year to date.

The actuaries therefore put much emphasis on the use of the indices for calculating the value of returns, rather than for comparing price levels over two dates. The aim of the fund manager will therefore be to demonstrate that switching policy has produced higher rate of return than if shown by the indices which represent a static investment in all available stocks. Let us then greater success than the equity counterparts have been the All-Share Index.

Shell 'has its way' over Staffjord Field plans

BY RAY DAFTER, ENERGY CORRESPONDENT, IN STAVANGER

SHELL appears to have got its way over development of the U.K.-Norwegian Staffjord field—the biggest oil and gas reservoir in the North Sea.

It was confirmed here that the companies in the Staffjord consortium are drawing up a new development plan, more in line with the methods proposed by Shell.

The consortium has dropped the idea of ordering another large platform similar to the first, just towed to the field and capable of producing 300,000 barrels a day.

Instead, the oil companies are to install smaller platforms to drain the rest of the field. Its estimated 3.9bn. barrels of oil and 100bn. cubic metres of gas. Shell was pressing for this more than a year ago, but most of the other 12 companies in the U.K.-Norwegian consortium favoured the construction of

another large structure costing more than £500m. at current prices.

It is felt now that new safety requirements, some of which might be toughened further after the Ekofisk blow-out, and the complexity of constructing massive integrated platforms, did not justify this capital risk.

Statoil, the Norwegian State oil corporation, said that three schemes were being considered for the next phase of development: construction of a single integrated platform; drilling platform linked to a separate production and accommodation platform; and a combined drilling and production unit with a separate quarters unit.

Still smarting

Orders for the new platform facilities could be placed later this year. But, it is possible that British yards may not be asked to bid. Norway is smarting still over exclusion of its yards from the tendering list for the Anglo-Norwegian Murchison field, in which the British National Oil Corporation has a major stake.

Unlike Murchison, most of Staffjord—about 89 per cent—lies in Norwegian waters. The companies involved in Staffjord are: Statoil, Mobil, Conoco Norway, Esso, Norsk Shell, BNOG, Conoco North Sea, Gulf, Saga, Amerada, Amoco and Texas Eastern.

Development of Staffjord and oil and gas supplies in general are caught up in a complicated mixture of political, environmental and technical considerations.

The British Government hopes that gas from Staffjord will be fed into a British gas-gathering grid. But Norway is planning its own gathering system linked to the Continent.

Young and Mondale talk on Africa trip

BY DIANA SMITH

THE U.S. Ambassador to the United Nations flew into Lisbon last night from Africa to hold unexpected talks with Mr. Walter Mondale, American Vice-President over his projected visit to South Africa.

Mr. Mondale is spending two days in the Portuguese capital before going to Madrid, Vienna, where he will meet Mr. John Vorster, Prime Minister of South Africa, and Belgrade.

As a result of the talks between the two American controversialists over the planned visit by Mr. Andrew Young to South Africa on Saturday and Sunday appear to have been resolved. Mr. Young is going to South Africa in a private role at the invitation of businessmen and student leaders but there appears to have been opposition within the Republic to his plans to attend a mixed meeting of blacks and whites in Johannesburg.

U.S. official attitudes towards South Africa seem to have softened in the last 24 hours. Hints that Mr. Mondale would take a tough stand with Mr. Vorster have turned into implications of "friendly persuasion."

"Our own experiences speak to the depth of American commitment to these principles," Mr. Mondale said. "Our policy is based on our deep commitment to human rights and our objections to discrimination and systems which deny full participation to all citizens."

He indicated that in South Africa's case "full participation" rather than "black majority" was the term preferred by his Government.

Mr. Young's performance at the forthcoming U.N. meeting on Rhodesia and South West Africa in Maputo will be his greatest challenge, and Mr. Mondale made it clear that Mr. Young has the full backing of his Government.

Those who accompanied Mr. Young last week in Abidjan agree that the Ambassador's genuine innocence—a word used repeatedly and affectionately—may achieve successes denied to more experienced or tactful politicians.

Mr. Mondale is not in Lisbon merely to brief Andrew Young. To-morrow he will hold talks with Snt. Mario Soares, Prime Minister, and Snt. Antonio Ramalho Eanes, President.

New Tory devolution move likely

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE CONSERVATIVE Party may be moving towards a limited form of devolution, such as a committee of MPs meeting to consider Scottish affairs in Edinburgh rather than at Westminster.

This follows the confirmation at the Scottish Conservatives conference in Perth last week that the shadow Cabinet had abandoned existing party policy, calling for a legislative assembly made up of separately elected members.

But although Mrs. Margaret Thatcher is anxious to quieten down the devolution controversy within the party, she has not yielded to the pressure from anti-devolutionists to drop the issue.

The new policy, calling for all-party talks, without prior commitment, leaves the Conservatives free to adapt to the political climate. A future Tory government can wait to see how many nationalists are returned to Westminster before deciding finally whether or not to support devolution.

Catechism

Speaking at Perth on Saturday, Mrs. Thatcher conspicuously avoided the phrase "directly elected assembly" that had become a catechism for political speeches in Scotland. But she stressed that the party believed in changing the way Scotland is governed.

"We recognise that there are strong feelings about the need for an improvement and a genuine improvement in the government of Scotland, and our goal is to bring about the improvement, within the U.K. as a whole.

"The Scottish Nationalist members of Parliament have a clear objective—that is separation."

"They want to break up Great Britain and the U.K. For their devolution is but a stepping stone to a wholly separate Scotland with its own border posts, its own separate armed forces and its own Cabinet. Their avowed purpose betrays all reasonable discussion of devolution on its merits."

"We reject the aim of the separatists. So, we believe, do the great majority of individual Scottish people."

The Tories consider that the Government's devolution proposals—being re-worked in talks with the Liberals—played into the hands of the SNP. Any stable form of devolution would either

Truck makers 'should seek Europe link'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

IT points out that the entire output of the British-owned sector does not provide a range of products as large as some individual Japanese or U.S. companies.

In order to meet the increased output and competitive effectiveness of such companies, the U.K. industry needs to consider how the provision of larger scale operations can be made.

"Identification of synergistic partnerships (not necessarily in equity terms) across EEC frontiers with national producers in France, West Germany and Italy may be worthwhile."

These industries have a not dissimilar motive for change and are required to find a "modus operandi" with the multinationals.

In spite of recent moves which have reduced fragmentation in the British-owned industry, including the mergers of Lansing Bagnall with Henry Ford and Coventry Climax with Conveyancer, further structural changes affecting individual product groups and the industry as a whole are recognised as necessary.

Objectives

The working party suggests that moves are needed to accelerate the emergence of the stronger capability (in every aspect of the business) in such areas as rough-terrain fork lift trucks and straddle carriers.

The working party has identified four other main objectives:

- 1—that the industry should aim to increase total sales to more than £265m. and exports to £160m. by 1980—which would require a 4.4 per cent annual rise in sales but a 16.5 per cent
- 2—Reduce the import ratio from 22 per cent in 1975 to 20 per cent by 1980, partly by using more U.K. components and parts in trucks with origin north of the border and setting up a new Select Committee of Scottish MPs which would also meet in Edinburgh and have the power to summon any of the 9,000 civil servants in the Scottish Office to give evidence before it.
- 3—Achieve a greatly improved link between manufacturers and suppliers—success in this area is fundamental to the industry's expansion.
- 4—Identify those aspects of manpower and productivity most likely to provide competitive advantage.

"There may well be scope for raising average productivity (defined as value-added per employee) in the industry by improving the performance of low productivity plants to the level of the most efficient."

Continued from Page 1

Drax

is operating successfully and would not be helped by outside interference.

In the early part of the year, the civil service favoured the second plan; but by April Ministers were convinced that an outright takeover by GEC made most sense in the long run.

Shortly after Easter, Parsons was asked to stand by to issue a Press release agreeing to a takeover. The Board of Reynolds Parsons, which owns C. A. Parsons, seemed likely to agree provided the terms were right.

Sir Arnold was expected to sign guarantees that he would preserve the operations of Parsons' works at Heaton, Newcastle, though with reduced labour force. Although talks between the companies had not taken place, a solution seemed close.

The NEB was to buy Parsons and hold it for an interim period. The eventual selling price to GEC would be based partly on the profits earned on Parsons' existing orders, and partly on the value of plant and machinery, together with an element of goodwill.

This plan, however, provoked violent reaction from trade unions at Parsons. They were worried by the substantial redundancies which they believed Sir Arnold would want. These fears were pressed in a frantic series of lobbying activities by Mr. Mike Thomas, MP for Newcastle East, and other trade unionists who have taken an anti-GEC line.

It now appears that Mr. Callaghan hopes he can personally persuade Sir Arnold to accept the third plan—a joint company without a controlling GEC shareholding. He is likely to tell Sir Arnold that if agreement cannot be reached, the Drax order will go to Parsons any way.

Mr. Callaghan may have been influenced by the Parsons management's hope of landing a substantial export order, once it can gain a home base of orders.

But Sir Arnold is most unlikely to accept the status of a junior partner, and Mr. Davidson's comments at the week-end closely follow the reasoning which Sir Arnold will put to the Prime Minister. Their publication breaks a long official silence from GEC, and indicates that the company is not prepared to be browbeaten by the Government.

Weather

U.K. TO-DAY
SUNNY spells. Showers in South and East.

London, E. S.E. N.E. and Cent. England, E. Anglia, Midlands, Channel Is.
Sunny periods, showers. Wind N.E., moderate. Max. 15C (59F).

S.W. and N.W. England, Wales
Sunny spells, showers. Wind N.E., light or moderate. Max. 14C (57F).

Lakes, I. of Man, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland
Mainly dry, sunny spells. Wind N.E., light. Max. 13C (55F).

Meray Firth, N.E. and N.W. Scotland, Orkney, Shetland
Mainly dry, sunny spells. Wind N., light. Max. 11C (52F).

Outlook: Mostly dry, sunny spells.

BUSINESS CENTRES

| City | Friday | Saturday | Sunday |
|--------------|--------|----------|--------|
| Alexandria | 20 | 21 | 22 |
| Amsterdam | 15 | 16 | 17 |
| Barcelona | 18 | 19 | 20 |
| Bombay | 22 | 23 | 24 |
| Buenos Aires | 19 | 20 | 21 |
| Calcutta | 21 | 22 | 23 |
| Colon | 17 | 18 | 19 |
| Hong Kong | 23 | 24 | 25 |
| London | 15 | 16 | 17 |
| Lyons | 16 | 17 | 18 |
| Manila | 20 | 21 | 22 |
| Medan | 18 | 19 | 20 |
| Mumbai | 22 | 23 | 24 |
| Osaka | 21 | 22 | 23 |
| Paris | 16 | 17 | 18 |
| Rangoon | 19 | 20 | 21 |
| Singapore | 20 | 21 | 22 |
| Tokyo | 21 | 22 | 23 |
| Yokohama | 21 | 22 | 23 |

HOLIDAY RESORTS

| City | Friday | Saturday | Sunday |
|--------------|--------|----------|--------|
| Alicante | 18 | 19 | 20 |
| Batumi | 19 | 20 | 21 |
| Buenos Aires | 18 | 19 | 20 |
| Calcutta | 20 | 21 | 22 |
| Colon | 17 | 18 | 19 |
| Hong Kong | 21 | 22 | 23 |
| London | 15 | 16 | 17 |
| Lyons | 16 | 17 | 18 |
| Manila | 20 | 21 | 22 |
| Medan | 18 | 19 | 20 |
| Mumbai | 22 | 23 | 24 |
| Osaka | 21 | 22 | 23 |
| Paris | 16 | 17 | 18 |
| Rangoon | 19 | 20 | 21 |
| Singapore | 20 | 21 | 22 |
| Tokyo | 21 | 22 | 23 |
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